



FOREIGN
BROADCAST
INFORMATION
SERVICE

JPRS Report—

Soviet Union

International Affairs

Soviet Union International Affairs

JPBS-UIA-88-019

CONTENTS

20 DECEMBER 88

WORLDWIDE TOPICS

Soviet Peace Committee Officials Discuss Activities, Plans	1
Chairman on 'Public Diplomacy' [Genrikh Borovik; <i>PRAVDA</i> , 18 Oct 88]	1
Deputy Chairman on Children's Activities [A. Alekseev; <i>SOVETSKAYA KULTURA</i> , 13 Sept 88]	4

SOCIALIST COMMUNITY, CEMA

Movement Toward Common Socialist Market Discussed	6
[J. Sedykh; <i>SOVETSKAYA LATVIYA</i> , 8 Sep 88]	6
End to Restrictions on Travel Between Socialist Countries Urged [M. Klipp; <i>NEW TIMES</i> , Nov 88]	7

THIRD WORLD ISSUES

Limits to Third World Socialist Development Possibilities Stressed	8
[J. Mirskiy; <i>RABOCHIY KLASS I SOVREMENNYY MIR</i> , Jul-Aug 88]	8

GENERAL ECONOMIC AFFAIRS

Gerasimov Commentary on Foreign Bank Loans [G. Gerasimov; <i>SOVETSKAYA KULTURA</i> , 1 Nov 88]	16
---	----

UNITED STATES, CANADA

Prospects for Soviet-American Dialogue Under Bush Assessed	17
[J. Beglov; <i>APN DAILY REVIEW</i> , 10 Nov 88]	17
U.S.-USSR 'Rising Leaders' Forum [S. Chelnokova; <i>IZVESTIYA</i> , 4 Nov 88]	18
Review of Journal 'USA—Economics, Politics, Ideology' for October 1988 [APN DAILY REVIEW, 27 Oct 88]	18

WEST EUROPE

FRG-USSR Project on Magnetic Suspension Transport System [Ye. Khrakovskiy; <i>GUDOK</i> , 28 Oct 88]	21
Study of Finnish Standard of Living Recommended	22

EAST EUROPE

Soviet-Bulgarian Computer Enterprise Opens 14 Oct [L. Levin; <i>PRAVDA VOSTOKA</i> , 16 Oct 88]	23
---	----

CHINA, EAST ASIA

IMEMO Round Table on Newly Industrialized Asian Countries	25
[S. Mushkaterov; <i>IZVESTIYA</i> , 19 Jul 88]	25
Chinese Scientific and Technical Zones Assessed	26
[V. Yezhkov; <i>EKONOMICHESKAYA GAZETA</i> , No 43, Oct 88]	26
Broadcast to China on Economic Reform, Joint Ventures [Moscow International 23 Nov 88]	28
Uzbek, Xinjiang Science Academies Sign Agreement [Moscow International 30 Nov 88]	28
Harbin School Delegation Visits USSR [Moscow International 7 Dec 88]	29
ASEAN Representative Discusses Obstacles To Soviet Economic Cooperation [I. Kovalev; <i>IZVESTIYA</i> , 1 Sep 88]	29
Malaysian-Uzbekistan Agreement on Trade, Economic Ties [Moscow International 5 Dec 88]	30
Broadcast to Cambodia on Khmer Rouge Participation in Settlement [Moscow International 29 Nov 88]	30

SUB-SAHARAN AFRICA

Broadcast to Pakistan on Prospects Under Bhutto Government [Moscow International 3 Dec 88] 32
USSR-YAR: Relations Reviewed on Treaty Anniversary [V. Lysechko; IZVESTIYA, 1 Nov 88] 33

Soviet Peace Committee Officials Discuss Activities, Plans

Chairman on 'Public Diplomacy'

18070058 Moscow *PRAVDA* in Russian 18 Oct 88 p 4

[Article by Genrikh Borovik: "Be a Realist—Strive for the Impossible"]

[Text] I will never forget this episode. There was an antiwar rally at Gorkiy Park. About 1,500 people were there carrying posters suited for all events in life: "Long Live Peace on Earth." A mature man with a briefcase and late for the beginning of the rally caught his breath and politely asked: "Excuse me, could you tell me what we are protesting against today? Against what aggression?" When I answered, he again asked quite sincerely, without skepticism: "Do you think we will achieve anything?"

I keep his two questions in mind when we think about our deeds and plans in the Soviet Peace Committee [SPC].

First of all, I will try to answer the question: What can the peace movement achieve in its traditional form, so to speak—rallies, demonstrations, and protests? It can achieve quite a lot. One need only remember from history the worldwide movement against the Vietnam War. It was one of the key factors which had an effect on ending the war.

Two global "Peace Wave" actions were held last year and this year on the proposal of the SPC, advanced jointly with an American antiwar organization. At noon in every time zone—from Hiroshima and throughout the planet—there were waves of large and small actions for nuclear disarmament. There were millions of participants, and far more via TV and the press. This is not just a new, unusual form of expression of people's will, enabling each to state personally his position in the cause of saving humanity from a nuclear apocalypse. This is also assistance, a unique worldwide mandate to those professional politicians who advocate nuclear disarmament.

Today the role of public diplomacy is much more important and must be much more effective than in the past. In 1988, humankind realizes more clearly that it is at a critical point in its existence and therefore does not believe it possible to entrust the fate of civilization just to a narrow group of professional politicians. Of course, the public movement will not replace professional diplomacy. But it can force politicians to search more energetically for solutions to the pressing problems of the world and can prompt new alternatives and help introduce new thinking.

Here are examples. The environmental preservation movement—and its success also depends on reducing expenditures for arms—was not begun in the world by

professional politicians but by ordinary citizens. It was very late in coming to us. But our politicians also did not start it here. Our public opinion, including proposals of the SPC, also influenced the courageous decision of the Soviet government to announce a unilateral moratorium on nuclear tests and to extend it more than once. The withdrawal of our troops from Afghanistan, of course, was to no small degree also a reflection of public sentiment.

However, popular diplomacy is not just rallies, demonstrations, and protests.

Early this year, a meeting was held in Alexandria, a suburb of Washington, D.C., between 100 Soviet and 400 American representatives of the public: people engaged in cultural activities, economists, politologists, journalists, physicians, etc. The participants in the meeting did not get together for political "tennis," not for improving the art of polemics, not for "clarifying relations." The conference in Alexandria was fundamentally different. For several days 18 of its working groups developed concrete joint projects which would serve meet goal: to help in every possible way to strengthen trust between our countries. More than 500 projects were proposed. About 50 were selected for implementation. Here are several examples.

—Create a contemporary musical on tunes from the Aristophanes' antiwar comedy "Lysistrata" (Soviet and American authors will write the piece and music together; Soviet and American actors will play the parts together, and may be joined by actors from other countries).

—Create a documentary film telling about all the unusual preparation of the play (you see, the process of working together to create an amusing and serious musical is just as important as the result).

—A monument designed by Soviet sculptor Zurab Tsereteli will be erected in Atlanta to symbolize the new thinking: a 30-meter bronze figure of a man who is breaking through the wall of stereotypes unsuitable for life of humanity in the late 20th century.

—A Soviet-American satirical animated cartoon film is also dedicated to the struggle against stereotypes. Work on it is already nearing completion.

—The "Peace for the Children of the World" association of the SPC, headed by the well-known children's writer Anatoliy Aleksin, is preparing a collection of stories by Soviet and American authors for children in cooperation with an American publishing house.

—It is proposed that Soviet and American engineers and technicians together build a school on the territory of one of the developing states (of course, with participation of local builders) using donations from ordinary people from both countries.

—The idea of a meeting between soldiers of the Warsaw Pact and NATO (not officers, but the rank and file!) has been advanced. Let the young fellows talk about their girlfriends and their parents. Let them sing songs together, play football, observe one another closely, and understand that they were born not to fight, but to make life on the planet better, fair, and safe. The world press and television would be able to draw the attention of hundreds of millions of people to this unusual event.

I could name dozens more projects drawn up at that conference near Washington, D.C., and open for participation of all public antiwar organizations from all countries. Some of them seem utopian to some people today. But the INF Treaty between the USSR and the USA also seemed a fantasy to many. Nevertheless, M.S. Gorbachev and R. Reagan signed the treaty on 8 December, and today the SPC hands out souvenirs made of the casings of the exploded missiles to its foreign visitors. That is why we chose this as the motto for all our projects: "Be a Realist—Strive for the Impossible!"

For what are we striving? Picture a pyramid. Its apex is the historical treaty signed by the leaders of the USSR and the USA to destroy two classes of nuclear missiles. Its base is the universal peace movement. But if the faces of the pyramid are not reinforced by concrete, positive, daily cooperation, they may crumble, and the pyramid will flatten to the ground. Such has been the case, unfortunately, with many good undertakings, including the detente of the 1970's, which we never were able to make irreversible.

That is the purpose of these projects. They are seeds of friendship which, by sprouting, strengthen the pyramid of good and reason so it can be built up and made higher and higher.

I think many have heard about a new form of our work—joint Soviet-American peace marches. The idea for such a march over territory of the Soviet Union emerged last year. Many in America scoffed at it: Moscow would never authorize 250 Americans to walk freely over Soviet soil, and at best they would allow them to pass "through a formation" of militia. Frankly speaking, indeed quite a few difficulties had to be overcome for the march from Leningrad to Moscow to be free and open, and for everyone who wanted to meet and talk with the Americans and invite them into their homes. That march became not just an opening of the Soviet Union for the overseas visitors but also, if you will, knowledge of our own selves. It ended with a joint Soviet-American concert at a Moscow stadium. A host of exaggerated arguments were raised against the unusual concert, the first of its kind in our history: the people will trample the grass; there will not be enough toilets; it will rain; the platforms will not hold up; the football field will be ruined (they were quite serious about this); a crowd of "rockers" will come running up and tear down the

platform and stage (someone even suggested surrounding the stadium with 100 soldiers with German shepherds, and it took a while to prove that music, the holiday of friendship, and the barking of guard dogs were not the best combination). Nevertheless, the musical holiday was held and went wonderfully!

But whereas the international peace march over Soviet soil had a precedent—representatives of antiwar organizations from Scandinavia went from Leningrad to Moscow several years ago—the march made by 220 Soviet people this year through 8 American states and more than 30 cities was altogether unprecedented. No Soviet public or even state organization had ever organized such actions. Hundreds of problems cropped up. How to make our delegation democratic in composition, on the one hand, and see to it that there were sufficient numbers of people in it who spoke at least some English (no one needs a march across America by a "contingent of deaf mutes," and there would not be enough interpreters for everyone)? How to make it so the participants in the march worthily represented our society without turning the march into a "parade of the outstanding"? Given the imperfect and cumbersome procedures for officially organizing trips abroad, how to send 220 people living in various cities of all the Soviet republics and not united by a common job (after all, it was not a symphony orchestra that was going on tour) and avoid resentments, misunderstandings, and conflicts?

Other difficulties, large and small, were waiting ahead. The American organizers were unable, let us say, to ensure the proper medical services, although a special institution whose employees receive a year-round salary just for organizing our marches are involved in conducting the Soviet-American march in the USA. The cross-country shoes obtained in Moscow made our feet sore. The temperature was 40 degrees, and most of our participants did not have the necessary athletic training.

There was also a problem of compatibility of completely different people—each with his own disposition, temperament, his own valid or invalid resentments, and sometimes, unfortunately, whims (this also applies to the SPC staff). However, we not only had to proceed with the march, but also organize concerts, speak at city meetings, churches, and on television and radio, give interviews, participate in meetings according to interests, and talk for many hours in American families where a Soviet person was bombarded with thousands of questions.

Frankly, at times there were doubts, was it worth the risk? Would it not be simpler to send a team of 5-6 politologists put together long ago to the United States for another "tennis" debate? We decided not to retreat, although we knew that we could not avoid mistakes and miscalculations, for this was something absolutely new.

I think we decided correctly. As a result, tens of thousands of Americans in small, out-of-the-way towns of one-story America, brought up on the anti-Soviet movie

"Red Dawn" and the words "Russia is an evil empire," met Soviet people for the first time (incidentally, 70 percent of the Soviet participants in the march selected in an absolute majority by local peace committees had never been abroad before, and one-third of them had never even seen Moscow—an unprecedentedly broad and democratic delegation participated in the march). They met the entire "contingent" of 220 people met overseas and also the banners of all 15 republics. And they discovered that Soviet people, like people of all the world, are different. They are different in disposition, way of thinking, education, cultural standard, and views on life. But the majority of them are sincere, friendly, and willing to talk about the most acute topics of our way of life.

It would be ridiculous to idealize this complicated measure. Quite a few mistakes and miscalculations were made in it (the SPC has analyzed them and drawn the most serious conclusions). But if we are talking about people's diplomacy and, in particular, about taking down the "image of an enemy," then these marches are one of the most effective tools for this.

Of course, this is not easy. There is a struggle around it. In America the march has not only friends, but also enemies—open and secret—who would like to discredit the very idea of contact between ordinary citizens and the organizers of this contact from the Soviet side (The SPC, they say, is not a public but a state organization; "Americans, they are deceiving you—they are sending you not true advocates of peace but specially trained propagandists and bureaucrats;" these and other similar old tunes are heard).

But we still have many more friends than enemies. And the bolder we proceed to new and unusual forms of work, the more friends there will be, I am confident.

In bygone days, the Soviet Peace Committee (and not only it) adhered to a strict principle in its relations with international public organizations: "Whoever is not with us is against us." Life has shown that this slogan is not the most fruitful for the antiwar movement. I would not be exaggerating if I said that in the last 1.5-2 years the SPC's ties with antiwar movements of the West have tripled, and if we are talking only about the USA, they have increased tenfold. Perestroyka has opened the doors for broad contacts. We believe that we must carry on a dialogue and cooperate with any public organizations if they agree with us on the main goal—nuclear disarmament, peace, and the survival of humanity. Already this year the SPC has received about 2,200 foreign visitors just according to their policy.

But visit our building at 36 Mir Prospect, and you will see that numerous delegations, invited to our country not by the SPC but by various scientific institutes, public organizations, ministries, and departments, and simply foreign citizens visiting our country as tourists or businessmen here on business come here almost every day.

They visit us for talks and meetings with authoritative, well-known people; they come to see how Soviet people's diplomacy works. They attend free discussions which are conducted in 17 public commissions (there are many young people in them from the recently created independent "informal" associations) and at the debate club of the SPC on the most acute questions of our life. Representatives of the "Greens" Party from the FRG come to us, understanding that questions of ecology must be resolved jointly—they are received by our ecologists headed by the well-known Soviet writer S. Zalygin; musicians are negotiating with members of our "Musicians for Peace" commission on a joint program of international concerts for the peace fund; psychologists are discussing proposals to organize in Moscow an international congress for fighting alcoholism (is protecting the human genetic fund not really protecting peace?); people who are experts in technology are interested in the work of the group "Inventors for Peace," which is developing projects using the weapons being destroyed for peaceful purposes; you can meet people at our house who have what is called the "general bearing"—these are Soviet and foreign activists in the commission "Retired Generals and Admirals for Peace."

To their considerable surprise, our visitors, including many Soviets, learn that the SPC's paid staff (existing not on donations but through economic activities of the committee and the Soviet Peace Fund) is very small and that the daily activities of our organization are supervised by an elective bureau whose members, including the SPC chairman, work only on a voluntary basis.

Representatives of foreign antiwar organizations, long ago having won prestige but never before having any contacts with the SPC, come to us to share their ideas and to arrange joint actions. Recently, Nobel Peace Prize winner American Professor Lawn expressed a desire to work with us; leaders of the American organization "Beyond War" and representatives of "Pax Christi" and others have proposed the same thing to us. This year, a SPC delegation was officially invited to the U.S. Democratic Party Convention.

The SPC plans also include mass actions, for example, a Soviet-French peace march and such "elite" measures as involving the most prominent retired foreign politicians in conducting alternative negotiations on those questions on which representatives of the current governments cannot come to an agreement.

There are many problems in the committee's work. The main one is to find ways to get a greater number of Soviet people more actively involved in the sacred cause of protecting peace. This is not only through participation in rallies, demonstrations and voluntary cash contributions to the Soviet Peace Fund, which is the material base of people's diplomacy, but, above all, participation in specific deeds: environmental protection, educating people in the spirit of peace, and strengthening feelings

of Soviet internationalism. In other words, the peace movement in our country today means, above all, most active participation in restructuring and democratization of our society.

The more we expand and increase our volume of work and the deeper we go, the more questions there are that arise, for which we by no means always have a ready answer. But we are looking. Sometimes we look excruciatingly—in arguments and heated discussions.

The Soviet Peace Movement also needs further democratization. Next year, a special All-Union Conference of Peace Advocates will discuss a new charter and a new program which will call for more active participation of Soviet people in forming the most important foreign policy decisions of our government (in this question we are finding a reciprocal concern of the USSR Ministry of Internal Affairs, and the experience of our cooperation is accumulating). There is also no doubt that peace committees must play a noticeable role in the councils of workers' deputies.

We also must think about recruiting new personnel in our movement. There can be no room for cynical, indifferent, and even simply tired people. The nature of the movement is such that only people who are sincere, have faith in victory, and are willing to give their hearts, minds and time to it can participate in it. Then we will fulfill the motto: "Be a Realist—Achieve the Impossible!"

12567

Deputy Chairman on Children's Activities
18070036 Moscow SOVETSKAYA KULTURA
in Russian 13 Sep 88 p 2

[Article by Anatoliy Alekxin, deputy chairman of the Soviet Peace Committee: "Hopes Have Become A Reality"]

[Text] It was at the beginning of World War II that Arkadiy Gaydar bitterly observed that children are the first and most defenseless victims of the bloodshed wrought by adults.

One such victim was Sadako, a little girl from Hiroshima. Sadako's skillful, kind hands made thousands of paper cranes that, according to Japanese tradition, would save her from the radiation which reached its merciless hand across the decades. The tradition proved to be more believable than one might suspect: although they could not protect her from physical death, the cranes immortalized Sadako's name. Others whose actions affirming the brotherhood of mankind and mutual trust have brought them immortality include Tanya Savichevaya of Leningrad, Anne Frank of western Europe, and Samantha Smith of the US. They are four children who, though they never reached adulthood, showed unchildlike maturity in their hopes and aspirations. As announced, the Soviet Peace Committee's

"Peace for the Children of the World" association will give its annual "Four Little Girls Medal" to defenders of children and advocates of young peoples' rights and happiness.

When we announced this medal, we never imagined that thousands (many thousands) of children from our country and around the world would send the Soviet Peace Committee and PIONERSKAYA PRAVDA not only drawings of the future medal, but letters in memoriam about little girls who personified suffering, and at the same time embodied honor, courage, and the highest in human dignity. Is it possible to believe that learning about the four martyrs and heroines is anything other than "indoctrination in the spirit of peace?" The term "indoctrination in the spirit of peace" is quite recent, yet it has already entered the hearts and lives of millions of older friends of the younger generation. Nor has it missed the youngest people on our planet. The idea behind the term is to shatter the "image of the enemy" and replace it with an "image of a friend," regardless of how many thousands of kilometers away the person lives, and regardless of the language he speaks. In other words, the Soviet-American project that announced the "indoctrination in the spirit of peace" program has become a reality.

Americans are known for their business sense, and it follows that they believe in what is feasible. So the Soviet Peace Committee knew that when it responded to an invitation of the "For Soviet-American Dialogue" organization in February, it would have to reject idealism and words which, though high-blown, were also potentially empty. Instead the Committee participated in an active productive manner on dozens of projects, focusing on the single goal of demonstrating both the new thinking and the new approach to international relations.

Hope served as the foundation of each project. And now this very hope is starting to bloom into a long-awaited reality.

One of the projects conceived in February and now completed is the Banner of Hope, a banner nearly 1,000 meters long and bearing the names of children who have died in war. This project, which was backed and implemented by the Soviet Peace Committee, was proposed by an American public figure, Patricia Montandon. And I remember thinking—as many others did—when the banner was unfurled in Moscow, that there were many empty spaces on it; and I remember hoping that there would be no more names to put in the spaces—that not one more child would ever die in a war. And no one else for that matter! It is this hope which gave the banner its name.

It was in February that Chairman of the Soviet Peace Committee Genrikh Borovnik, a volunteer working out of a sense of public commitment (an arrangement he feels represents the strongest bond to the new initiatives,) came up with a plan to raise monuments around the world to children who have perished in wars whose bloodshed was not limited to soldiers. Like the Tomb of the Unknown Soldier, such monuments would serve as a place to bring our grief and lay our wreaths. One such monument has already been created by Zurab Tsereteli, who also had a hand in the plan. And I believe with all my heart that all the foot dragging of adults will not be able to slow the building of more of these monuments to fallen children around the world. Let us hope this belief becomes a reality!

I have already written in **SOVETSKAYA KULTURA** that Thomas Pettepis, an American public figure and president of the "Peace Expo" association, has decided in conjunction with "Peace for the Children of the World" to publish joint Soviet-American books containing the best writings of Soviet and American children and young people, as well as works infused with the desire for friendship and peace. I am happy to inform you that the American publishers will soon begin work on these anthologies, and that during a recent visit to Moscow, Pettepis concluded agreements with three publishers: Detskaya Literatura, Raduga, and Malyshe. And so another hope becomes a reality.

Another project that is underway within the association is the "Samantha Project," which was started by Yuriy Yakovlev. While in the US, Yakovlev was given a beautifully executed sculpture by a famous artist: it was Samantha smiling. Samantha smiled because she hoped; and her hopes are now alive in the actions of children and adults alike. The sculpture currently occupies a place of honor at the Soviet Peace Committee, which received it from Yakovlev for safe-keeping. The activities she inspired continue, and the "Samantha Project" has begun organizing Soviet-American children's exchanges.

Set up on a democratic, competitive basis, the exchange will allow those children who have earned the right to do so to participate. The project will also give considerable assistance to the headquarters of the "Four Little Girls" group, which I have already spoken about.

Our association has announced an international contest called: "Do you know the classics of your country and the world?" Here is another of February's ideas that did not remain a mere idea for long. We hope the contest will help return the classics of literature, music, cinema, theater, and painting to all the children of the world. Return? I use the word 'return' because, unfortunately, the classics have not reached many of them, and, because, more unfortunately, many have been forced to part with them.

"The hopes of the young nourish..." And they nourish those who see the young as our future. One master of the written word has said: "Children resemble their time more closely than they do their parents." We dream that the time their dissimilar parents and older friends will give them will continue to be a time in which the hope of mutual trust will become a reality, and mutual suspicion and hostility will disappear.

When I was in the US I saw people wearing a pin that said: "I'm voting for Gorbachev." This means that progressive Americans are not only voting for a policy of renewal in our country, but for a policy that will renew international relations and bring calm to the peoples of the world. Once again, I will permit myself to quote the American woman whose words I used to end another of my articles: "I want to give my child a world in which I will be asked 'Mama, what was war?'" I take my inspiration from the belief that some day all the children of the world will have to ask this question. And I hope this belief too becomes a reality!

13189

Movement Toward Common Socialist Market Discussed

18250020 Riga *SOVETSKAYA LATVIYA* in Russian
8 Sep 88 p 3

[Article by I. Sedykh, APN political commentator, under the rubric "CEMA: Integration in Action": "On the Path of Cooperation"]

[Text] The socialist "Nine"—such a term does not yet exist, and it is not certain whether it will ever. Nonetheless, I shall resort to it in order to designate the member-countries of the Council for Economic Mutual Assistance that have taken the decision to create, step-by-step, a common socialist market.

The process will inevitably be carried out in steps, since it is no simple undertaking. In essence, so far the CEMA mechanism has been aimed at protection against changes taking place in the world market, and not at creating conditions for its member-countries' full-fledged participation in the international division of labor. But the communique on the 44th meeting of the CEMA Session spells out the main elements—a realization of the impossibility of further development within the framework of the former mechanism and the will of the "Nine" to move to the creation of a common market.

But what sort of problems confront the partners? A market presupposes the establishment of direct ties between producer and consumer, and the development of one, obviously, will depend in many respects on the pace of economic reforms carried out or projected in the interested countries, especially the decentralization of economic management. In this regard Hungary has advanced further than anyone. In the USSR, Bulgaria and Czechoslovakia the rights of enterprises are being expanded, including their rights in the sphere of foreign economic relations, and wholesale trade in the means of production is being introduced.

The problem of prices contains even greater complexities. Thus, in the Soviet Union the wholesale price of certain assemblies is lower by a factor of 2.5-3 than in neighboring socialist countries. Therefore, it is not surprising that many partners attempt to avoid even direct ties through cooperative production arrangements. Thus the question of reforming pricing is assuming key importance, and it is clear that the contractual prices adopted within the CEMA framework as a result of such reform should be closely linked to prices on the world market.

But the alignment of prices, in and of itself, can affect only bilateral relations. In order to replace the existing mechanism of simple commodity exchange with broad market relations, it is necessary to solve a whole set of currency and financial problems, including the problem of the multilateral, mutual settling of accounts. The transferable ruble currently used for these purposes does not reflect real exchange rates, and therefore the task of

expanding its financial functions and achieving its partial, and eventually full, convertibility into hard currency is coming to the foreground. That will make it possible, first of all, to develop cooperation in the sphere of credit and create a basis for the establishment of large socialist firms pooling the resources and capital of different countries.

The first steps in this direction are being taken. Thus, agreements have been concluded on the use of national currencies in the mutual settlement of accounts between the USSR and Bulgaria and between the USSR and Czechoslovakia. An analogous agreement was recently reached between Bulgaria and Czechoslovakia. If these agreements and ones like them are joined together, favorable preconditions will arise for the further integration of national markets, the alignment of internal prices, and the convergence of structures of economic and currency mechanisms. Similar agreements with Hungary and Poland can be expected in the future.

Understandably, the process of the development of socialist integration and of a socialist market depends in many respects on the pace of development of radical economic reform in the Soviet Union. The leading economists are emphasizing the need to complete transitional measures before 1991, in order that the new five-year plan already have an integral, well-tuned mechanism for management of the economy on the basis of commodity-money relations. As for the common socialist market, the policy of creating one is considered a chief objective. "The faster we accomplish it," declared M. S. Gorbachev, "the greater benefits the national economy of each socialist country will realize."

And how do things stand in the other countries? The head of the Czechoslovak government Lubomir Strougal favors the fastest possible accomplishment of reforms in the CEMA in order to arrive at "a genuinely economical division of labor." His Polish colleague Zbigniew Messner advocates the establishment of a common market by the year 2000. In Hungary the view is expressed that several countries should set an example. "On a bilateral and multilateral basis—even with the agreement of a narrower circle of countries—we can no longer do any more today for the consistent implementation of commodity-money relations," believes Karoly Grosz, head of the Hungarian government. "The realities of the world economy serve as a warning to us day after day."

Indeed, only a unified socialist market with its own duties system, common trade policy, and the advantages of coordinated economic planning will make it possible for the CEMA countries to occupy a place worthy of their potential in the international division of labor, overcome their growing lag behind the old and new industrial powers of the capitalist world, and together raise the level and quality of life of their population. And even if at first it is not the "Nine" but, say, the "Two," "Three" or "Five," it is necessary to create that market as soon as

possible. As its attractiveness grows and economic mechanisms are brought into alignment, all the CEMA member-countries will inevitably join it.

8756

End to Restrictions on Travel Between Socialist Countries Urged

18120030 Moscow *NEW TIMES* in English
No 45, Nov 88 p 3

[Letter to the editor by Matthias Klipp, Berlin, GDR]

[Text] There is now much talk about the need to facilitate travel from socialist countries to the West. But I think measures should first be taken to abolish restrictions and red tape connected with travel from one

socialist country to another. In my opinion, visits of this kind promote friendship between people and a free exchange of ideas. That is why they are simply essential.

Unfortunately, travel opportunities for ordinary people have not increased recently. For instance, I can go to the Soviet Union only on the invitation of one of its citizens, and vice versa. Why? I have no friends in your country, though I am many of my acquaintances show great interest in it. We can learn about perestroika in the Soviet Union only from newspapers and magazines. But they cannot fully answer questions.

12913

**Limits to Third World Socialist Development
Possibilities Stressed**

18070039a Moscow RABOCHIY KLASS I
SOVREMENNYY MIR in Russian
No 4, Jul-Aug 88 pp 118-129

[Article by Doctor of Historical Sciences Georgiy Ilich Mirskiy, chief research associate of the USSR Academy of Sciences World Economy and International Relations Institute: "Socialist Orientation in the Third World"]

[Text] The idea of returning to a subject seemingly thoroughly studied and developed came to me after I had read two articles for discussion—by V. Sheynis and S. Agayev. Without wishing to become involved in the polemic between the two authors on the basic issues of their argument (although I have to say that V. Sheynis' position is far closer to mine), I would like to express certain thoughts in connection with one problem raised by both of them—the noncapitalist development path. It is interesting that while adopting different positions, opposite even on many issues sometimes, both authors essentially agree on one thing. S. Agayev agrees, on the whole, with the proposition advanced by V. Sheynis: "In the majority of cases the noncapitalist path has not shown the progress by hopes of which it has been attended... the noncapitalist path has not become a sufficiently credible alternative on the periphery of the world capitalist economy and will hardly become such in the foreseeable future" (source 1, No 6, 1987, p 87). While evaluating completely differently the present situation in and prospects of the Third World, the scholars are equally critical in their interpretation of an important component of this situation, departing here from the evaluations generally accepted in our scholarly literature. It seems to me that the time has come to approach this problem anew, unbound by established propositions and ingrained stereotypes. This new approach, incidentally, may be seen in A. Sterbalova's article "Noncapitalist Development—Vistas and Impasses" (source 1, No 2, 1988).

The proposition that colonies and backward countries in general may in principle bypass capitalism and take a "short cut" to socialism was advanced, as is known, by the classics of Marxism-Leninism. Thinking in categories of the inevitable and, as it seemed at that time, relatively close proletarian revolution in the "centers" of world capitalism, Marx and Engels naturally also pondered the question: what in that case will happen to the colonies and the "periphery," where precapitalist relationships are still predominant? If capitalism collapses in the metropoles, if the world economy, in whose "pot" the colonies are cooked, is restructured in a socialist direction, is it not absurd to assume that the backward countries will still inevitably have to go through all phases of social and economic development, including capitalism with all its levels? Is it not more correct to assume that the metropoles, which have become socialist, will "pull" after them in their entirety the Asian and

African countries dependent on them and help them avoid the long and agonizing passage through the phases of capitalist development? A simple and wise idea.

All the pronouncements of Marx and Engels on this question, as, equally, the celebrated formula of V.I. Lenin, which became fundamental for all subsequent theoretical efforts and which he advanced at the Second Comintern Congress (source 2, vol 22, pp 215-416) [footnote: V. I. Lenin's thesis stated: "With the help of the proletariat of the advanced countries, the backward countries can go over to the Soviet system and, through certain steps of development, to communism, bypassing the capitalist stage of development" (source 3, vol 41, pp 245-246)], leave no doubt that the classical authors of Marxism believed the existence and impact of the powerful external factor a decisive condition of backward countries' successful transition to socialism, bypassing capitalism. What was intended was the establishment of socialism in the foremost, industrially developed countries. But history only partially justified these hopes. The socialist revolution was victorious only in Russia, and the forecast of the classics of Marxism was confirmed here: the victorious proletariat of the "center" led after it the outlying regions of the former tsarist empire, to which capitalism was virtually unknown. But this did not happen in West European states, that is, in the principal metropoles which possessed the largest number of colonies in Asia and Africa. The "pot" of the world economy, in which the former colonies, despite the political independence which they have achieved, continue to be cooked, remains capitalist. Yesterday's metropoles can, naturally, lead the backward countries only to capitalism, but by no means to socialism. The states in which socialism has become firmly established are rendering the developing countries the utmost assistance, but this assistance can by no means even equal the powerful influence exerted on the Third World economically and also socially by world capitalism.

Consequently, the "classical" hypothesis of the transition of backward countries to socialism, bypassing the capitalist development phase, has not become a reality. Nonetheless, even under these—completely different—historical conditions, given the absence of the decisive external factor as a lever of the "bypassing" of capitalism process, a number of countries emerged whose leadership declared its intention to pave, mainly on its own, an independent route to socialism. A group of states of noncapitalist development or—as they subsequently came to be called—of a socialist orientation was formed. This occurred at the start of the 1960s, and it was then that the theory of the transition of backward societies to socialism, bypassing capitalism, which became known as the noncapitalist path theory, gained its "second wind".

Your author took part at that time in the elaboration of this theory. The historical background against which all this happened needs to be borne in mind. The colonial system of imperialism had collapsed, and dozens of new independent states had emerged. Which way would they

go?—this was the question exciting everyone at that time. Stalin's poverty-stricken ideas concerning world development left just two alternatives: dictatorship of the proletariat or dictatorship of the bourgeoisie. In reality, however, it transpired that the majority of backward countries lacked the appropriate conditions for both alternatives—precisely because both the proletariat and the bourgeoisie, the "main classes" in the developed capitalist society analyzed by the founders of Marxism, were not such in the backward society—peasant, patriarchal or, at best, petty bourgeois. Life showed that forces which could not be categorized either as proletarian or bourgeois in the strict meaning of these words had come to power in the majority of emergent countries. Regimes of a new type which did not fit into the well-known historical patterns emerged, power was taken by military nationalists, and their progressive wing declared a socialist choice, although these regimes had very little in common with a proletarian dictatorship. Nasir and Ben Bella—both soon became heroes of the Soviet Union—established themselves in power, became our allies and proclaimed a policy of socialism. The Burmese, Syrian, Ghanaian, Guinean and other revolutionary-nationalist leaders who had come to power cleaved to the same orientation. Having boldly broken with Stalin's dogmas, N.S. Khrushchev extended the hand of assistance to these new forces, making, as it seemed at that time, a historic breakthrough in Asia and Africa, finding new allies internationally and socially.

This truly revolutionary and innovative, but exclusively empirical policy was in need of theoretical substantiation. It was the concept of the classics of Marxism briefly outlined above which became the basis of the noncapitalist path theory. Having imparted to this concept a "second wind," applying it to an actual political situation, we felt ourselves to be revolutionaries in theory who had delivered ourselves from the shackles of the narrow-minded and fruitless ideas of Stalin's time. A fresh approach had been found, seemingly, and we were feeling our way toward new paths of the revolutionary transformation of the world hitherto unknown in history. Over all this there undoubtedly hovered the spirit of the 20th party congress, which opened the way to free scientific creativity and a break with outdated dogmas. The proposition that in our era forces not practicing Marxism but convinced of capitalism's incapacity for solving their countries' urgent problems and nonproletarian revolutionaries could initially lend impetus to transformations leading to socialism in underdeveloped countries and that life itself would gradually confirm the soundness of Marxist-Leninist theory was advanced. These forces came to be called in our works revolutionary democracy. This proposition became the cornerstone of the whole theory.

Of course, orientalists recognized one essential flaw in their concept: the absence of the decisive impact of the external factor which the founders of Marxism-Leninism considered a most important prerequisite of the entire process of transition to socialism, bypassing capitalism.

was obvious. Revolution in the "centers" of world capitalism had not occurred, but it was to them that the "periphery" remained firmly attached economically. But this "inconvenient" fact was circumvented by way of the advancement of one further concept; the essence thereof amounted to the fact that the existence of the world socialist system, its power and its growing influence were the factor capable of compensating both for the absence of the direct dictatorship of the proletariat in the countries which had embarked on a noncapitalist path and the absence of a victorious socialist revolution in the former metropoles.

The fact that movement along the noncapitalist path was headed not by the proletariat but petty bourgeois-nationalist forces was recognized, of course, as a serious defect of the entire process, but was neutralized by the following consideration: having embarked on this path, the revolutionary democrats will by the logic of things accomplish the same priority—national-democratic, antifeudal, anti-imperialist—tasks which the communists also would have to have tackled had they come to power. The consistent accomplishment of these tasks would lead the revolutionary democrats to anticapitalism, obstacles to their assimilation of the ideology of scientific socialism would diminish and society would via the stage of popular-democratic transformations—a higher stage in relation to the national-democratic stage—reach the path of socialist building.

There were grounds for such a hope—declaring a "socialist choice," the nonproletarian revolutionaries of Asia and Africa proceeded primarily from an endeavor to complete the elimination of imperialist domination and restructure and modernize the backward colonial economy as quickly as possible. The unreliability of the private sector and the weakness and narrowness of the local bourgeoisie and its egotism, selfishness, parasitism and actual sabotage of state plans and measures and also imperialism's aspiration to diktat and its subversive activity—such factors led these revolutionaries to renounce capitalism as a means and path of solution of the problems of backwardness and dependence. This was a choice in the name of accelerated and independent economic and social development, and the path thereto lay via statism and the idea of the necessity of centralized state efforts. Whereas in Europe the idea of socialism had arisen as a reaction to class oppression and an expression of the struggle of the exploited proletarian masses, in the former colonies the policy of a break with capitalism was proclaimed primarily on the basis of anti-imperialist struggle for national liberation and against outside exploiters, and only then against domestic exploiters, when it was ascertained that they were heading "in a different direction". Socialism was seen by the revolutionary democrats as synonymous with purposeful, concentrated state development, as a plan, as discipline. And it could in fact have been assumed that this development "model," despite its "non-Marxist" origins, would be incompatible with the interests of the

local propertied classes to such an extent that the revolutionary democrats would inevitably strike at them also—if only in the interests of preservation of their power. And this being the case, it was not all that important who originally harnessed this "model"—Marxists or revolutionary nationalists—whom life itself would sooner or later lead to a recognition of the soundness of the ideas of scientific socialism.

Nasir's policy confirmed the soundness and viability of this concept. Having started from anti-imperialist nationalism and attempting to rely on local capital here, the Egyptian president learned from bitter experience that he would not accomplish his tasks with the local bourgeoisie and concluded that only socialism could ensure the achievement of the desired goals. Nasir's example always figured as most indicative—after all, he, if anyone, had proceeded by no means from the ideas of Marxism but had under the influence of the logic of life itself arrived, as it seemed to us in the mid-1960s, at the right path.

Noncapitalist development came to be seen as a normality, as the high road, virtually, for the emergent countries. True, this term did not appear all that successful to many people in view of the absence therein of a positive charge and indication of the "end station" of the route and gradually came to be supplanted by another—"socialist orientation". But the meaning of the phenomenon itself did not change.

A mass of books, brochures and articles, considerable numbers of which could today strike the reader familiar with the actual state of affairs by the abundance of abstract, artificial constructions and pedantic definitions, has been written in our country on the problems of a socialist orientation. The wish was presented as reality: the anticipated development of events, historically completely unproven, was seen as something inevitable and was taken for granted, and the arguments were about terms, nuances, phases, stages, periods, transitions and developments. The main thing was to confirm the proposition that "the ideas of socialism are marching through the world". Of course, this applies by no means to all the works published on these problems; many of them contain interesting and valuable ideas which have been confirmed by practice and which have become a real contribution to our science.

This brief "digression into the history of the question" was necessary to clarify the historical conditions of the emergence of the contemporary noncapitalist development theory. Now, 25 years on, it is easy to discern that much was not justified, although some things have been confirmed. In itself the historical phenomenon—the noncapitalist development path, the path of a socialist orientation—remains and retains its viability; as the CPSU Program points out, it is a "phenomenon of great

historical significance". But the scale of this phenomenon now appears considerably more modest than before, and the results which have been achieved on the noncapitalist have been largely disappointing.

The question of the reasons for the "negative phenomena" in the development of countries of a socialist orientation cannot be called unduly complex for the researcher. The factors which led to the failure of some regimes, the degeneration of others and the growth of bourgeois tendencies in yet others can be clearly seen with hindsight. Nor are the reasons for such phenomena as the unprofitability of the public sector, mismanagement, bureaucratism, posturing, corruption, the bourgeoisification of the personnel, the formation of new elites, undemocratic methods of management, repression and factional struggle any secret either. The exposures of, specifically, our own "negative phenomena," shattering in their range, which have in recent years been pouring from the Soviet press, as, equally, such documents as, for example, the material of the Vietnamese party congress, help us understand all this. The question involuntarily arises: if such outrages could have been perpetrated for decades with us, in the first victorious socialist country, for what should we hold accountable those who under conditions of incomparably greater backwardness attempted to copy our experience to the best of their ability?

The failures of the countries of a socialist orientation may, crudely, be divided into three main groups: those caused by factors typical of the whole Third World and backward society as such; those caused by specific objective factors connected with the attempt to "jump" certain development stages under the conditions of this backward society; finally, those conditioned by the subjective (human) factor—voluntarist mistakes, premature anticipation, impatience, inexperience, specific circumstances of the struggle to hold on to power, internal disagreements, factionalism and so forth. Of course, the third—subjective—aspect is closely associated with the first two.

In its approach to the backward society "Eurocentrism" multiplied by, if you will, "class-centrism" prevented the problems of the Third World, including those of countries of noncapitalist development, being seen in the correct light. Attempting to discern a struggle of the classes, parties and ideologies wherever possible, we essentially left outside the visual field until recently the ethno-coramunalist factor and the system of patronage-client relations, that is, precisely what constitutes the vital fabric of oriental and African society. Of course, the importance of such phenomena as nationalism, tribalism and religion was always emphasized, but the approach to them was distinguished by pretentiousness; all these "extra-class" phenomena were in fact seen as some makeweights to some principal factor and an oriental ornament imparting distinctiveness, but not changing the essence. In particular, it was for this reason that such a shock was caused by the bloody internal conflict in

South Yemen in January 1986, in which it would have been pointless attempting to find class and ideological roots, but where, on the other hand, what is sometimes called the "neopatriarchal factor," the basis of which are patronage and clients, was manifested in full. It was ascertained—and with unprecedented and ruthless poignancy, what is more—that neither socialist ideology nor practical activity in the revolutionary field can fully cancel out traditional standards of social behavior.

Purely economic disorders are more easily explained. History shows that revolutionary transformations in society inevitably lead initially to economic disarray. The old, established economic ties collapse, and the major proprietor (in this case foreign, as a rule), who possessed experience, knowhow, equipment and a well-oiled system of supply and sales connections, is supplanted; considerable numbers of the technical professionals and managerial personnel "drop out"; small- and medium-scale proprietors cut back on their business activity in fear of possible nationalization and political upheavals; the bourgeoisie refrains from new capital investments; new, unskilled, incompetent personnel comes on the scene; labor discipline is broken—the former fear of the boss disappears, but there is no new, "conscious" attitude toward labor; political rows and the change in the authorities and slogans prevent stability; finally, sabotage is manifested and outside counterrevolution operates.

But if these inevitable economic disorders cannot be compensated by clearly expressed advantages in the social and moral planes and in the sphere of education of the "new man" and the achievement of equality and justice; if corruption and nepotism flourish and new privileged strata appear and enrich themselves for all to see, how can countries of this type have magnetic force for others and serve as an example and model?

There are evidently serious flaws in the very essence of this development model, which is characteristic of countries of a socialist orientation. A new socialist stimulus encouraging people to work conscientiously and efficiently, perform their duties honestly and meticulously, sense their personal interest in the fate of society and perceive that the state is their vital concern and that their own well-being depends on its successes and that the future of the state and the people depends primarily on their efforts has not been found. The main thing is the absence of sufficiently persuasive economic stimuli, reliance on the magic power of words, slogans and appeals and hopes placed in enthusiasm buttressed by the volitional efforts of the leadership.

The experience of countries which have undergone social revolutions shows that the moral stimulus and enthusiasm of the masses are a relatively short-term factor which gradually loses its power, not being underpinned by material stimulus. The moral factor is eroded particularly rapidly when the illusions concerning the onset of the "reign of justice" are dispelled and when it becomes

clear that social inequality has not been removed but has merely acquired new forms and new privileged strata arise. An endeavor to replace the declining enthusiasm with ever increasing compulsion arises, which merely intensifies the discontent of the masses. Indifference and disenchantment grow, and the number of opponents of the regime, which responds to this with repression, expands. More than one revolution has perished or degenerated in this vicious circle.

The ruling circles of countries of a socialist orientation begin to recognize sooner or later that enthusiasm alone does not take one very far; they inevitably pay growing attention to the private sector, but are faced with a dilemma here. On the one hand it is objectively necessary to avoid destruction of the private sector and to support and even encourage if only small businesses to prevent the complete disarray of the economy and unpropitious sociopolitical consequences. On the other, given the absence of a dictatorship of the proletariat, private-ownership spontaneously, growing continuously and crawling out of all bounds, seriously threatens the degeneration of substantial numbers of the executive personnel even which is petty bourgeois in terms of its origins and formation. The private trader cannot be "eliminated" administratively, but nor can he be allowed full scope; both threaten the collapse of the revolutionary regime.

An analysis of the "origins" and emergence of countries of a socialist orientation induces the conclusion that there is no longer any "potential" virtually for the formation of such states in Asia and Africa if the conditions of such formation, which have already been corroborated by history, are considered. In fact, such states emerged basically on territory of two types: a) colonies in the direct meaning of the word, in which in the course of an armed liberation struggle political organizations of a Marxist (or close thereto) persuasion succeeded in heading the masses and showed themselves to be the most active, militant patriotic force and then, having gained hegemony in the liberation struggle, adopted a policy of socialism (Angola, Mozambique, South Yemen—in the wake of Vietnam), and b) totally backward countries with an archaic feudal structure (Ethiopia and again, partly, South Yemen). I refer to "second generation," most radical countries led by parties of a Marxist type or with potential for development per the "Vietnam-Laotian" model. In the "first generation" countries, however (Egypt, Syria, Algeria, Ghana, Guinea and so forth) regimes of the left emerged under particular historical conditions which now no longer exist—in the period of "Sturm und Drang," collapse of imperialist domination and upsurge of the movement for Arab or African unity.

The said versions of the emergence of countries of a socialist orientation are basically exhausted: there are practically no colonies left, neither are there "petrified" feudal countries, if we do not count those such as, for example, Nepal (granted the presence of strong elements

of feudalism on the Arabian peninsula, a rapid process of the introduction of capitalism is under way, and Saudi Arabia, for example, cannot be equated with Ethiopia. There remains only the extreme south of Africa; in general, however, Asian and African countries are developing in one way or another by the capitalist path (however, third-rate and "crossbred" even if it may sometimes appear). Countries in which the conditions of the formation of the countries of a socialist orientation of which we already know could be reproduced are virtually not to be seen. But might not similar regimes emerge in countries in which capitalist development is taking place under conditions of political independence and in which this development is leading to unsatisfactory, disappointing results? They evidently might, particularly in Africa: there have been such examples (Congo, Benin). Not that long ago radical left regimes emerged in Ghana and Burkina Faso. Similar situations in the future also cannot be ruled out. Indeed, capitalism is being introduced to backward countries, the so-called least developed even more, so painfully and agonizingly and engendering so many problems which it is incapable of solving rapidly and efficiently that it is perfectly logical to assume that groups will be formed in this country or the other, from the young professionals, military more often than not, in the main, which will begin to seek a way out of the situation on the path of socialist solutions. Their accession to power on a wave of the population's disenchantment and dissatisfaction with the lamentable results of the domination of bourgeois-bureaucratic groups is perfectly probable.

But a revolutionary regime would soon be faced with cardinal problems. First, its initial mission would be to succeed in precisely the field in which the power of the bureaucratic bourgeoisie had been unsuccessful—economic development and the assured well-being of the masses—but there is a profound difference between these tasks. The West's assistance would be essential for the development of the economy, and owing to backward countries' none-too-great attractiveness for private capital, it would be necessary to deal, in the main, with interstate organizations such as the IMF demanding the pursuit of a policy of strict economies. But such a policy would unfailingly come up against the resistance of the unions and bring about the discontent of the broad masses, and the government's popularity would begin to fall.

Second, reliance on Western credit, technology and so forth would inevitably lead to an increase in Western bourgeois influence and dependence on the West not only in the material-technical but also in the ideas and cultural planes. The stratum of middlemen between foreign contracting parties and the local market would grow, local private business would develop and a technobureaucracy oriented toward the standards of the bourgeois "consumer society" would take shape at an accelerated pace. The unevenness in income distribution and social inequality would increase. This process could

only be averted given the renunciation of any dependence on the West, which would in practice mean a renunciation of modern-type economic development; the logical culmination of such a course is the policy of the "Khmers Rouges," which is improbable. The strengthening of Western bourgeois influence, on the other hand, would inevitably conflict with the socialist ideals popularized by the revolutionary leadership. The examples of Ghana (under K. Nkrumah), Guinea, Mali and Burkina Faso are a sufficiently eloquent indication of how difficult it is to find the optimum way out of this vicious circle.

As of some time ago we began to draw a distinction between countries of a socialist orientation of the "first generation" (the regimes which were formed there were also called national-democratic) and countries of the "second generation" with regimes usually called popular-democratic led by vanguard parties. The second, as distinct from the first, had assimilated sufficiently fully the basic propositions of Marxist theory and put into practice a number of radical measures corresponding to the concepts of scientific socialism. Granted all our positive attitude toward them as a whole, the Nasirites and Bathists were seen, for all that, as not entirely "our people" and as not being as close to "our model" as the Ethiopian, South Yemeni and Angolan revolutionaries. We pushed the first toward the second, as it were; here is a typical quotation from our recent work: "A genuine movement toward socialism will presuppose the radical transformation of systems like the national-democratic systems (not to mention "national socialism" regimes) and their development in the direction of the type of social structures which in different forms and with a differing degree of maturity exists today in such countries as Cuba and Vietnam, Nicaragua and Ethiopia, the PDRY and Angola."⁴ The countries listed were thus advanced as some standard of the social and economic system within whose framework the transition from precapitalist and early capitalist relations to socialism is effected.

How does all this appear today? Cuba, granted all its indisputable successes in a number of spheres of social life, still cannot solve many economic and social problems, nor should it be forgotten, what is more, what substantial and systematic assistance it receives from the USSR—the reproduction of this situation in African and Asian countries is hardly practicable. It is still too early to speak of the prospects of the Sandinistas, the progress of this country's development having been deformed by war, but such phenomena as mismanagement, corruption, the black market and so forth have already been revealed there in full measure. The Vietnamese communists have themselves most severely criticized the entire preceding course of their development, and Vietnam's path in the past can in no way be considered a model for others. The most radical transformations on the African continent have indeed been carried out in Ethiopia, but it would as yet be premature to speak of their results, and a number of aspects of Ethiopian reality instill serious

doubts and misgivings. The Angolan economy is in a dire state, and the South Yemen "model" was considerably discredited by the 1986 bloody internecine strife. As a whole, we believe, none of the listed countries could today serve as an inspiring example to and model for others.

But we have not been speaking of the most backward Third World countries (aside from Ethiopia). What can be said about the others? The writer Prokhanov recently wrote as follows in LITERATURNAYA GAZETA about Afghanistan: "Is it possible to have a firm political structure of socialism in a country where a countless multitude of tribes, nomadic peoples, agglomerations, leaders and satraps form a permanent broth, a viscous bouillon swelling up in a trice in bursting bubbles? Forms in keeping with the present day are only just being cooked in this medieval mash, and it was in this marshy swamp that it was contemplated building a socialist edifice." The author of these lines is no scientist, of course, but he provides a more realistic and ruthless analysis than those who have for decades maintained that the building of socialism may be started in practically any country in our era. We would note that the description of Afghanistan could with considerable justification also be made in respect of a number of other countries of Asia and, particularly, Africa. Is it in fact possible to build a socialist edifice in the "marshy swamp" of the traditional backward society divided per ethno-communalist characteristics and steeped in patriarchal relationships? Of course, this is a rhetorical question, substantiating an affirmative or negative answer being impossible, but it was we who until recently answered it categorically in the affirmative. We made reference here to the classical authors of Marxism-Leninism, who, as already said, had in mind a fundamentally different historical situation, and also adduced the examples of the Central Asian republics and Mongolia, forgetting that the building of socialism took place there in a particular situation and that these republics "were cooked in a common pot" with the industrially developed socialist "center" and were cut off here from any influence of world capitalism.

The argument concerning the "advantage of backwardness" was used in respect of the most backward countries: what was meant was the negligible development of capitalist relations and the practical absence of a local bourgeoisie. This idea was not new—Mao even had said that socialism needed to be built while the people were poor. But it is the example of Maoist China which shows to what this leads. Outwitting history and circumventing or deceiving human nature were not possible. Che Guevara said that the fundamental purpose of Marxism was to remove personal interest as a psychological motivation. A noble goal, but one that has yet to be realized anywhere in the world.

Returning to the question of the differences between the "national-democratic" and "popular-democratic" versions of a socialist orientation, it should be recognized

that the "first generation" countries in which regimes of the left have survived (Algeria, Syria) do not look that bad compared with the more radical ones. Of course, it needs to be considered that their level initially was higher, but, nonetheless, it may be affirmed that the mere fact of the quarter-century government of the FLN and the Bath—parties which have been able to endure and overcome a multitude of difficulties and threats—deserves attention. It cannot be denied that capitalist relations are developing in town and country in both Syria and Algeria and that a "new bourgeoisie" is growing, which is reason for the Marxists of both countries to be highly skeptical of the prospects of the socialist orientation under the present regimes, but it would nonetheless be wrong, I believe, to predict the inevitable capitalist degeneration of power in these countries. Distinctive state-capitalist regimes with no intention of imitating our past path of development, but this is perhaps no bad thing, have become consolidated there. There is a certain similarity with NEP Russia, but, after all, it is now that our scholars have begun to ponder whether it would not have been better for our country had the NEP cooperative "model" become established with us in the past instead of the Stalin version of the building of socialism.

L. Gordon and E. Klopov write in the journal ZNA-NIYE—SILA (No 2, 1988), referring to our 1920s, that "undivided political power and also the concentration in the hands of the state of the 'commanding heights' deprived economic development of a spontaneous nature. The party acquired the opportunity to consciously direct the economy's growth into a particular channel, limiting the development of petty commodity production into capitalist production and thereby reducing to a minimum the danger of an inordinate expansion of the capitalist structure." It may be assumed that this approximately is the aspiration of the FLN in Algeria, whose leadership is hardly interested in the restoration of capitalism and intends keeping firm hold of the rudder. As distinct from the less developed countries wholly dependent on the West in the process of the building of a modern economy dealt with earlier, Algeria already has a sufficiently developed economic base, diversified foreign economic relations and a stable socio-political structure. Should we be grieving over the fact that the Algerian leadership is not moving "further left," does not aspire to "switch fully to the tracks of scientific socialism" and does not intend imitating the well-known historical models? The state-capitalist, "neo-NEP" version will perhaps prove more efficient and make it possible to raise the living standard and culture of the people and build a viable modern-type healthy economy more quickly?

One thing is clear: since a renunciation of administrative-command methods of leadership of the economy has been proclaimed in our country and the long-term disastrous consequences of Stalinism have become clear to see; since radical economic and social reforms are the order of the day in China and Vietnam—it is impossible

to believe, as formerly, that the trouble with the countries of a socialist orientation is that Marxist-Leninist theory has as yet been insufficiently assimilated there and that they have yet to approach as closely as might be wished the practice of the building of socialism "verified by history". After all, even this theory is being revised, more precisely, its original fundamentals, distorted by Stalin, are being restored, and practice has revealed its flagrant flaws. It would be an unforgivable mistake to continue to push countries of a socialist orientation toward the reproduction of our path with all the minuses which are now being so pitilessly illuminated by the searchlight of glasnost.

But there is one cardinal problem here. The point being that psychologically the leadership and personnel of the vanguard parties of the "second generation" countries are predisposed to apprehend precisely the version of the building of socialism whereby administrative-command methods come to the fore. This predisposition is based on social and cultural factors and the very nature of the backward society. L. Gordon and E. Klopov, whom we have already quoted, write about Soviet Russia of the 1920s-1930s: "The approaching military danger, industrial backwardness, the inadequacy of the cultural level of the people's masses and the weakness of democratic habits and democratic political traditions created a situation in which transition to accelerated industrialization and administrative-command methods of management proved a more suitable form of solution of the main problems confronting society than a smooth continuation of socioeconomic development based on the NEP." If we scrutinize the less developed countries of a socialist orientation (and these are the "second generation" countries, which are closest to us in spirit), we see that all the enumerated factors operate there in double form. True, the need to orient themselves toward the economic power of the West is a counterweight (in Angola and Mozambique, for example); Stalinist tendencies are mitigated there also by the striking need to encourage the private sector in order to rescue the disintegrating economy. Nonetheless, the problem in question remains. The militant, rigid nature of the ruling party, which alone has enabled it, having overcome all obstacles, to become firmly established in power, is not conducive to the assimilation of "smooth, painless, compromise" versions of the leadership of society and the economy, and objective reality also contributes to the assimilation and consolidation of volitional, power, command methods.

Revolutionary impatience, so familiar to us also from the period of the first years of Soviet power and the mood of the times of war communism, plays its part also. Fighters believing in their mission to create a new society and, consequently, the new man wish to have done as quickly as possible with the legacy of the past, expunge from people's minds devotion to property and to all that is "their own" and "private" and to induce them to derive inspiration from the ideals of the common and the collective. Exploitation is identified with ownership

as such. The petty proprietor is tolerated, but there is a tendency to treat him in principle as a foreign body (thus was the NEP-man viewed with us). But people cannot be reeducated by agitation alone, the more so in that the economy, albeit "creakingly," develops nonetheless, a market exists, the commodity economy grows and the population cannot fail to think about its income, living standard and material benefits. There is a strong temptation to "push" and accelerate the process of the building of the new society by volitional, command measures, suppress private-ownership spontaneity, which crawls out of all holes, and cut short by strict methods the trend toward "bourgeoisification". Thus is the soil created for the establishment of the administrative-command "anti-commodity" style of leadership which, as we now know full well, is fraught with disastrous consequences.

Should we be depressed by the fact that the results of the development of countries of a socialist orientation have yet to justify the hopes placed therein and that the very number of such countries is today small? There are no grounds for this, I believe.

The process of transformations in the emergent countries and the building of a new, independent society is broader and more multivariant than we had supposed when developing the noncapitalist path theory. While rejecting the former ideas—"either dictatorship of the proletariat or dictatorship of the bourgeoisie"—we involuntarily succumbed when analyzing the prospects of the developing world to a new oversimplification. The future was portrayed thus: inasmuch as capitalism in the Third World is showing its incapacity for tackling cardinal, urgent problems of the new states, it is condemned to relatively rapid bankruptcy, and the sole solution suggested by life itself is transition to a noncapitalist path ensuring a relatively effective—and fast—solution of these problems. True, our scholarly literature always made cautionary reservations concerning the fact that the process of transition to socialism in backward countries would nonetheless take a long time, but the priority tasks were to have been tackled very quickly. This did not happen. The range of the forms of transition to the new social system in the emergent countries is evidently far broader than imagined, and a multitude of "interim" versions which do not fit within the framework of the strict alternative—either completely bankrupt and collapsing capitalism or a noncapitalist path in the actual versions of which we already know—is possible.

And if things are viewed more broadly, from global standpoints, the following consideration may be expressed: since we have adopted a policy a genuine relaxation of international tension and long peaceful coexistence with capitalism, which is by no means about to quit the historical arena, is it of any great significance precisely how many countries of a socialist orientation there are in the world? If we are abandoning the "enemy who will destroy us if we do not forestall him" concept, is it seriously worth grieving about the fact that the West's positions in the Third World are not being

undermined as rapidly and successfully as we would like? We can agree with D. Lyubimov, who writes in the journal MEMO: "There was a pedantic approach to the Third World as an unbroken 'zone of the growth of socialism' and as a natural ally in all instances in the struggle against imperialism (regardless of the differentiation factor), which resulted in us being dragged into regional conflicts. Angola was followed by events in the Horn of Africa, then in Afghanistan. As a result there was a sharp intensification of Soviet-American rivalry and a polarization of the positions of the two powers on an issue in which mutually acceptable solutions should have been sought and, evidently, found."⁵

Of course, it would be absurd to understand such a position as a tendency toward the abandonment of support for the countries of a socialist orientation which already exist; on the contrary, we believe, assistance to them should be increased as far as possible, and it would be desirable to do all within our power to promote their successful development—given consideration and careful analysis of the mistakes which they and we have

made. But, as a whole, it is time to evaluate the entire set of problems of a socialist orientation in a spirit of realism, proceeding from facts, and not from pious wishes.

Sources

1. RABOCHIY KLASS I SOVREMENNYY MIR.
2. K. Marx and F. Engels, "Works".
3. V.I. Lenin, "Complete Works".
4. "The Developing Countries in the Modern World: Paths of the Revolutionary Process," Moscow, 1986, p 169.
5. MEMO No 3, 1988, p 9.

COPYRIGHT: "Rabochiy klass i sovremenny mir", 1988

8850

Gerasimov Commentary on Foreign Bank Loans
18250013 Moscow SOVETSKAYA KULTURA
in Russian 1 Nov 88 p 7

[Article by G. Gerasimov: "A Question of Faith"]

[Text] We are being offered money. To be repaid, of course, loans with interest.

A lot is being offered, not small change. I will give the Western figures. They are more accessible than ours, and also better, since if there is an inaccuracy or error, one can always say that they are not our figures.

So, the bankers are offering:

From the FRG—1.67 billion dollars; From Italy—775 million dollars; From England—2.6 billion dollars; From France—1.9 billion dollars; From Japan—2 billion dollars (probably); From Austria, Switzerland, other countries—1 billion dollars.

In just the last two weeks announcement was made of possible loans totalling more than 9 billion dollars. There appears to be capitalist competition for participation in our socialist construction. The United States is conspicuously absent from the list. The American Senate adopted a resolution, as it is formally put, "reflecting the sense of the Congress". The resolution calls on the allies to desist. Representatives of both presidential candidates expressed alarm at the influence of Western credits to the Soviet Union on the security of the West. Glib journalists sarcastically recall that a capitalist is even prepared to sell the rope that will be used to hang him. Analysts warn that the loans will help the Soviet Union avoid the choice between guns and butter.

In other words, it is suggested that we have still not made that choice. That we remain enemies, that the "cold war" continues, and that principles cannot be foregone.

After all the good that has occurred in Soviet-American relations, this regression of ideas is surprising. And I would like to find the explanation for it in the game rules of the election campaign, or in the intrigues of the military-industrial complex.

But let us return to the loans. Bankers are professionally circumspect, especially now when it seems that there are only debtors in the international arena, beginning with the United States.

Their (the bankers') readiness to lend money on *perestroika* speaks of their faith that it will work. And that they will get their profit from it. There is no sort of philanthropy here, nor is anyone asking for it.

Handling credits wisely is another matter. To purchase not shoes, but production lines for shoes, in order to avoid the pitfall of debts and calmly pay them off on time.

It was lucky that the years of stagnation coincided with easy oil money, easy not for the oil workers of Tyumen, of course, but for the planners.

We handled these monies awkwardly, to put it mildly.

Now it is more difficult: oil has become cheaper; the dollar has weakened, and calculations were made in dollars; the gold price has dropped.

We must learn anew how to trade.

And remember that if now is the time to accept credits, the time will also come to pay them back.

But if we assess credits in political terms, they testify to the faith of the West in our *perestroika*; they see opportunities for trade and economic cooperation in it. If this is so, then who needs military confrontation?

13423

Prospects for Soviet-American Dialogue Under Bush Assessed

18120028b Moscow APN DAILY REVIEW in English
10 Nov 88 pp 1-3

[Article by Spartak Beglov, APN political news analyst: "Moscow Is Ready for a Productive Dialogue With Bush"]

[Text] All indications are that by the moment of the inauguration of the new president the schedule of contacts between Moscow and Washington at all levels will have been worked out. Likewise, there are no doubts concerning the desire of both parties to hold a new summit meeting as early as possible.

Among all items on the agenda, as is emphasised in the Soviet Union, the issue of progress toward an agreement on 50-percent reductions of strategic armaments demands especially urgent attention. The same is true of problems related to the compliance with the Geneva agreements on Afghanistan.

The reality is such that the road to a new disarmament agreement is now essentially blocked off by a lack of readiness on the part of the U.S. to slow down or put under control a series of programmes for the development of new types of weapons, especially, sea-based ballistic missiles and space systems. Is the fact that the U.S. stand has become signally tougher explained by the impact of the election campaign? The near future will provide the answer.

Until now the intention to proceed from "strength and experience" could be easily discerned in George Bush's remarks. The first part of that formula will not evoke a positive response in the Soviet leadership. "Might is right." Or is it really?

As for the need to rely on experience—primarily on practical achievements of recent years in Soviet-U.S. relations, to be sure, here we definitely endorse Bush's viewpoint. Had he not used the subject of continuity, his campaign would have had a different, not so happy, outcome.

It is absolutely obvious that in contradiction to the past experience it is precisely the image of a 'true disciple' of Ronald Reagan that helped Bush a lot. Such is the unanimous conclusion of political observers. Otherwise it will be difficult to explain why for the first time in 150 years the current election marked a break with the tradition whereby vice-presidents running for presidency usually lost the election being considered scapegoats of sorts for the mistakes of the presidents who were about to leave the political scene.

There is no doubt that a substantial role this time was played by Ronald Reagan's positive legacy in the development of Soviet-American relations. The impact of

domestic political interests on the outcome of the election is not so obvious. This will be seen from the fact that the same voters in their mass preferred to leave the Democrats in control of both chambers of the U.S. Congress.

Now when George Bush took the reins in his own hands he is to show that he is able to make independent decisions. Alongside restrained optimism we show quite understandable caution. Will the new president be able to protect his acquired independence from the influence of all kinds of friends of ultra-conservative reputation? Dan Quayle, their spokesman, No. 2 man in the future administration, is called upon to stand guard against deviations in policy toward 'liberalism'. It is in the interest of the same quarters to encourage in every way deep-rooted instincts of anti-communism elevated to the status of 'ideology'.

In case of fresh attempts at reviving an 'ideologised' foreign policy, the cause of disarmament and political settlement of regional problems will face, in my opinion, the greatest threats.

As for the negotiations on radical cuts in strategic armaments, Moscow believes it indispensable that a breakthrough toward an agreement should be ensured. So far, Bush has predominantly favoured the need for a "serious discussion of the situation" and made it clear that the planned U.S. armament programmes were inviolable in his eyes. It is plain that some people in his team are still hardly able to stand the temptation of launching an unbridled arms race to make the Soviet Union 'go broke'. Only Bush's real ability to assess independently the vital interests of the U.S. can prompt him the idea that such temptation cuts both ways. Such an arms race is suicidal for the U.S. in the sense that it will give America's West European and Japanese partners/rivals full control over world markets as a prize.

Similar dangers accompany the temptation of playing a special 'American' card in the Afghan game in a bid to damage the interests of the USSR. A zero-zero draw when the loss of one party turns out to be an equal gain of the other is also impossible here. Carried away with unilateral actions in favour of Pakistan and the irreconcilable Afghan opposition (in violation of the spirit and the letter of the Geneva agreements), Washington is opening with its own hands the gate for a tidal wave of Islamic fundamentalism. The blow inflicted on the American interests in Teheran in 1979 will seem to be something negligible compared with the avalanche that may triggered off in 1989.

The new political thinking preached by Moscow and realised in its practical actions has gained impressive support in the world because everyone came to regard it as the only alternative to power politics and the ideological confrontation which had led the world into a deadlock. But one of the main conditions of success of the new policy—and Ronald Reagan could see that for

himself—is consistent progress. George Bush is confronted by the same challenge. Perestroika helps the Soviet Union a lot in its foreign policy.

The United States will not be able to avoid a perestroika of its own. America has already embarked on such perestroika, although it perhaps has not yet fully come to realise that. George Bush is faced with the choice between the role of a person who will carry on with American perestroika and that of an instrument in the hands of those quarters which favour stagnation.

(APN, November 9. In full.)

12223

U.S.-USSR 'Rising Leaders' Forum
18070055 Moscow IZVESTIYA in Russian
4 Nov 88 p 3 p 3

[Interview with S. Chelnokova, chairman of the USSR Committee of Youth Organizations, conducted by Ye. Nastin, under the rubric "Fact and Commentary": "USSR-U.S.: Dialogue Among Rising Leaders"; date and place of interview not given]

[Text] A forum of rising leaders of the Soviet Union and the United States of America opens in November. This activity has been organized by the American Center of International Leaders, a nongovernmental organization based on both parties and supported by serious U.S. businessmen. On our side the preparation for the meeting is being handled by the Committee of Youth Organizations.

We asked S. Chelnokova, chairman of the USSR Committee of Youth Organizations, to talk about the forum's work:

[Chelnokova] First of all, let me say that we have borrowed the phrase "rising leaders" from the Americans. They have in mind those who in 10 to 15 years will determine the face of the United States in politics, military affairs, city planning, etc. People from 16 occupational categories, of the utmost diversity, are taking part in the meeting. I shall cite only a few as examples: they include politicians, members of the creative intelligentsia, lawyers, specialists in education, financial specialists, and religious leaders. I especially want to emphasize that this is the first time that meetings of military specialists will take place. They have never before had such contacts.

The age of the participants is approximately up to 40. By political criteria, they are "rising leaders," although age in certain circumstances is a loose concept. For example, the chief of the USSR Ministry of Foreign Affairs' Department of Visas and Registration will be taking part in the forum. He is a person who is doubtlessly of interest to the Americans, although he is over 40.

The meeting of Soviet and American "rising leaders" provides the opportunity to establish contacts that will be of service in 10 to 15 years when these people hold actual power. I am not referring only to political power. They may, for example, be legislators of fashion in the creative world or in the economy. Their contacts at the present time will make it possible for the USSR-U.S. dialogue 15 years hence to be more productive. Naturally, when people who are already acquainted meet, it is easier for them to immediately enter into constructive dialogue.

In the history of our country's relations, there have not been any meetings like this on a such a scale. Except, perhaps, the recent meeting in Chataqua. But it was held at a somewhat different level. On the American side there were, how shall we put it, ordinary laymen. The people participating in our forum are those who already may have a real impact on various processes in their country.

The Americans realize this very well and have been giving a great deal of political attention to the forum. Meetings are planned with President Reagan and the newly elected U.S. president, and with senators, congressmen, leading businessmen and journalists.

The program consists of three large sections. 150 people on the Soviet side and an equal number of Americans will first fly to Chicago. They will stay with families. The organizers believe that will allow them to adapt to the United States more rapidly.

After that the entire group will move to Philadelphia. And that is where the meeting proper will be held. People will break up into groups and hold round-table discussions of topics related to their occupations.

We are counting on new ideas to appear in the course of the dialogue that may find themselves on the negotiating table tomorrow. We on the Soviet side will welcome it if some actual agreement appears at this meeting itself—for example, an agreement among young businessmen or members of the creative intelligentsia. After that, official meetings are planned in Washington, including a meeting at the White House.

8756

Review of Journal 'USA—Economics, Politics, Ideology' for October 1988
18120028a Moscow APN DAILY REVIEW in English
27 Oct 88 pp 1-5

[APN-attributed item under the rubric "Scanning Periodicals"]

[Text] The October issue opens with the article, U.S. Economy Approaching the 1990s, by N. Shmelev, N. Volkov and A. Parkanskiy.

Historian M. Kalashnikova writes about new trends in assessing the role of the military-industrial complex in her article *Militarism on the Defensive?* The American's view of economic and political priorities is changing; today they highlight internal problems. As for foreign policy, Kalashnikova writes that arguments for building up military power are giving way to sentiments favouring better relations with the Soviet Union and arms control agreements.

These changes are plainly seen in the current Presidential campaign, which is believed to show the balance of sentiments and expectations in American society. Michael Dukakis, Democratic nominee from Massachusetts, promised to cut weapons if he was elected President.

Congressional experts say that the stimulation of military spending out of all proportion to the growth of military power is a reckless undertaking, advocated by the military-industrial complex not only in order to get more profits but to increase its political influence. But contrary to expectations, the military-industrial complex is losing prestige under mounting criticism.

Economic and political realities are making America think about the limits and prospects of the influence of the military-industrial complex on American society, about its strong and weak points.

More and more Americans are thinking about the political senselessness of the nuclear arms race and the impossibility of strengthening security with the help of nuclear weapons. This awareness was greatly promoted by the fundamental changes in Soviet foreign policy, which is forcing the U.S. administration to make constructive replies to Soviet initiatives.

The dwindling prestige of military programmes in American society and the business community and a more open discussion of these programmes by mass media and specialists are influencing U.S. politics. The new economic thinking is taking hold of individual states; as a result, military spending is being rejected as a way to prosperity. The highlight is on the creation of the economic infrastructure that would accelerate industrial development and help overcome financial difficulties.

Is militarism on the defensive? The author asks. A difficult question; yet there are grounds to state that the era of its offensive is over. The U.S. political leaders of different affiliation (both liberals and conservatives) are speaking about the end of the post-war period in U.S. foreign policy, which had been fuelled by anti-communism and the "containment" of the Soviet Union with the help of ever greater military spending.

It is too early yet to write off U.S. militarism and the threat it poses. The military-industrial complex can find new ways of influencing the U.S. administration, Congress and the public. New ideological covers could be devised, and any halt in Soviet-U.S. relations could be used in the interests of the military-industrial complex.

Kalashnikova concludes that there are many arguments proving that the military-industrial complex is still very strong. But disarmament has been progressing, Congress has put ceilings to the Pentagon's spending, and the Massachusetts initiatives prove that it is time we broke the stereotype of an all-powerful and omnipresent military-industrial complex, which allegedly has a complete hold on American society. On this depends the understanding of modern realities and our work for rapprochement and peace.

In her article, *Some Aspects of US Policy in South Asia*, N. Beglova writes that in drafting a policy in the region Washington has to take into account the instability there, aggravated by numerous crises. The situation in South Asia is traditionally influenced by developments in neighbouring regions, above all South West Asia, where the situation in the 1980s was greatly complicated by the Iran-Iraq war and the Afghan problem.

The Geneva accords on Afghanistan and the withdrawal of Soviet troops opened the way to settling the situation in Afghanistan, normalising relations between India and Pakistan and resolving regional problems peacefully.

N. Beglova notes that this process is proceeding slowly and with difficulty. It will take time and the efforts of all interested parties to normalise and stabilise the situation in South and South West Asia.

The Geneva accords on Afghanistan and the withdrawal of Soviet troops opened the way to settling the situation in Afghanistan, normalising relations between India and Pakistan and resolving regional problems peacefully.

N. Beglova notes that this process is proceeding slowly and with difficulty. It will take time and the efforts of all interested parties to normalise and stabilise the situation in South and South West Asia.

Washington has been closely following developments in the region, seeking to elaborate a crisis reaction policy which would help settle conflicts in U.S. interests.

These conflicts, though different, are largely engendered by ethnic, territorial, intra-regional, religious and socio-psychological problems, which breed conflicts also in other developing countries.

Structurally and geographically, these conflicts can be divided into transnational (involving several countries), interstate (concerning bilateral relations), intra-state, and foreign (concerning the actions of an outside country which for some reason influence the situation in the region).

The author notes that the past few years have seen an improvement in Indo-Chinese relations, but Indo-Pakistani relations are not tranquil. Washington's policy of

militarising Pakistan negatively affected U.S.-Indian relations, prevented the development of Indo-Pakistani dialogue, and lead to another stage in the arms race on the subcontinent.

The Soviet Union has been giving a substantial military aid to India, proceeding from India's desire to counterbalance the deliveries of U.S. arms to Pakistan. We believe that the strengthening of India, a peaceful state and a leader of non-alignment who has been working for stronger international security, could help stabilise the situation on the subcontinent. N. Beglova writes that the arms race could be checked by accords reached at talks involving all interested countries. In the 1980s, India and Pakistan have tried to reach such accords.

Assessing the U.S. policy with regard to the crises on the subcontinent, the author concludes that Washington used conflicts in South Asia and neighbouring regions for self-seeking political considerations. A case in point is the U.S. attempt to use the Afghan problem for prodding Pakistan and India on to closer cooperation with the U.S. The aim was largely achieved as regards Pakistan, but India is still hardly involved. Apparently, the political settlement of the Afghan problem on the basis of the Geneva accords will greatly reduce tensions in the region.

The fundamental settlement of crises on the subcontinent depends above all on South Asian countries and can

be achieved through concerted efforts of all regional countries. They should develop fruitful diplomatic, political, economic and cultural relations, and accelerate regional integration, nascent in the South Asian Association of Regional Cooperation (SAARC). This could establish a climate of trust in the region, vital for strengthening security.

The issue also carries articles by Y. Abramov and L. Antonova, Republicans Before Elections; by S. Zelenov and V. Markhonko, US Stock Capital Market in the 1980s; and by B. Alekhin, on US-Canadian Common Market.

The section Discussions carries a report by R. Bogdanov, deputy director of the Institute of U.S. and Canadian Studies of the Soviet Academy of Sciences, at a workshop of the Soviet Foreign Ministry "The 19th Party Conference: Foreign Policy and Diplomacy". The report is headlined Arms Race Is the Main Obstacle.

The journal also offers commentaries, notes, reviews and other materials, as well as information.

(APN, October 27. In full.)

12223

FRG-USSR Project on Magnetic Suspension Transport System

18250018 Moscow GUDOK in Russian 28 Oct 88 p 3

[Article by Ye. Khrakovskiy: "USSR-FRG: Joint Project"]

[Text] The south coast of the Crimea. A heavenly region of our country. Millions of Soviet people and many thousands of tourists from abroad come here for rest and health treatment annually. Simferopol, the destination of trains and air liners, is connected to Yalta, the center of the resort area, by a mountain roadway over which trolley buses run.

The auto route is heavily trafficked, overloaded with vehicles. And the trip from the airport to Yalta takes almost as much time as, for example, the flight from Moscow to Simferopol.

The trolley buses scarcely affect the environment, but the trucks, buses, and passenger cars travelling along with them emit a great deal of pollution, doing great harm to the ecology and causing special public concern for the fate of this bountiful district.

Back at the start of the century, a project was developed for an electrified railway line along the southern coast of the Crimea from Sevastopol to Yalta. Note that electrified means ecologically pure. Prominent Russian engineers developed the project, in particular the renowned writer Garin-Mikhaylovskiy, who directed the survey party. Unfortunately, the war begun with Japan did not permit Russia to implement the plan.

Of course, the designers were working with the attainments of 19th century technical thought. Much has changed since then, passenger flows are quite different now, and technology has advanced. The new plan should be aimed at the 21st century.

All this was recounted by the Minister of Transport of the USSR, N.S. Konarev, at a recent talk with the president of the aerospace society of the FRG and general manager of the renowned firm of Messerschmitt-Boelkow-Blohm (MBB), Hanns Vogels.

During a visit to the FRG a month ago, N.S. Konarev and Soviet specialists were briefed on a ground transport system developed by the MBB company that uses magnetic suspension, the (*Transrapid*). And now in Moscow, during the visit to our capital by an FRG government delegation headed by Chancellor H. Kohl, a practical discussion was initiated regarding the joint introduction of this progressive transport system in the Soviet Union.

Implementation of such a project requires large capital investments. Where will these funds be obtained? How quickly will the expenses be recouped? How best to combine the efforts of German specialists and their Soviet colleagues, who are also developing a magnetic

suspension transport system? There was a frank, businesslike, concerned discussion about all this during the talk, which took place both literally and figuratively at a round table, in a warm, friendly atmosphere. H. Vogels stated, "Mr. Minister, I will be glad to be an initiator with you in implementing the project of the latest transport system in the Crimea. What resources are required? I think we should have the technical and financial calculations done quickly. Our company is ready to send its specialists to the USSR for this purpose, even before the end of the year. I expect that very large currency outlays will not be required. You see, the most expensive tasks are track-laying and construction, and those things you will be able to perform chiefly with your own resources. The funds may be derived from the developing tourism. The Crimea is a very attractive place for lovers of travel, for relaxation and health care. The task of constructing a magnetic suspension transport system should be done at the same time that up-to-date hotels are built, along with everything necessary for tourist service. In the rich land of the Crimea one might build an amusement park such as Disneyland, but of course with European traditions."

H. Vogels continued, "For our part, we will try to attract our companies to this project, especially those involved in youth tourism. It is very important that the youth of our country better know and understand one another; this is the true path to lasting peace. I am sure that technical and economic problems are fully susceptible of resolution, if we set about the task with energy. It will be simply splendid if we show the world that we are able to implement such a complex and promising project through our joint efforts. It is important to ensure that our children and grandchildren will be able to enjoy all the charms of the Crimea. Magnetic suspension transport has a great future."

The USSR Minister of Transport remarked that the guest from the FRG was quite correct in stressing the significance of international tourism and communications between people of different countries, especially young people, in strengthening peace and mutual understanding. Soviet railway workers were already taking the first practical steps. Permanent runs by tourist trains from Frankfurt to Moscow and Bonn to Moscow were being organized. Whole trains of comfortable cars were being made up. Undoubtedly the chief passengers of these trains will be young people.

During the talk it was noted that the Crimea was not the only place where the innovation could be used. Trains hovering over the track could unite the major airports of Moscow with the center of the city, or with the final stops on the Metro. Magnetic suspension trains, running on a track along the small ring of the Moscow railway, could play a positive role in relieving the capital's transport system, which now moves up to 20 million passengers daily. New micro-districts are rapidly being constructed beyond the ring road. And reliable, fast, mass transit is

very important in bringing a large number of people to work and home. In general, there is a great deal to be said "for" the laying of magnetic suspension train lines in Moscow.

Taking part in the discussion were the deputy chairman of the Gosplan of the USSR, A.N. Bevzenko, the deputy chairman of the Mossoviet, Ye.D. Kazantsev, the deputy chairman of the Crimean Oblispolkom, P.A. Fedulevich, and scientists and transportation specialists.

The GUDOK correspondent asked Dr. H. Vogels to answer a few questions.

[Question] In your opinion, how will the recently discovered potential for achieving superconductivity at significantly higher temperatures than previously affect the efficiency of the magnetic suspension transportation system?

[Vogels] I am certain that this will be a revolutionary step forward on the path of technical progress. Our physicists believe that we will be able to do it at the turn of the century, by creating the conditions for superconductivity at temperatures on the order of minus 40 degrees Celsius. This will be a great breakthrough in all science and technology, and of course it will transform the new type of transportation, which we intend to introduce with our Soviet colleagues.

[Question] How will strong magnetic fields affect the health of people riding in the trains or located near the road?

[Vogels] The system will not emit electromagnetic waves, which could be harmful to the human organism. Generally the magnetic suspension system is the most ecologically clean. It will not even generate noise like conventional electric trains. Nor will it require the removal of large amounts of earth, and the natural landscape will scarcely be harmed.

[Question] Have calculations been made of the payback period for the *Transrapid* system under FRG conditions?

[Vogels] For the time being it is difficult to cite a specific payback period. But calculations show that the construction of this line for passenger travel will be more beneficial than the laying of a conventional railway. And much greater speed can be developed. Plus the ecological advantages, of which we have already spoken. Incidentally, these cannot be expressed simply in terms of money.

[Question] You and a large group of business people from the FRG have come to Moscow at an important time, during the summit meeting between M.S. Gorbachev and H. Kohl. How do you personally assess the agreements that have been reached?

[Vogels] To put it figuratively, the ice is still not moving, but it is breaking. And this is a very good portent. Spring will come in our relations, and cooperation will flow in a great river. Together we will reap a rich harvest. What can be more important than peace on earth, based on the mutual understanding and close economic ties of different countries and peoples? I am firmly convinced that a good foundation has been laid for the broadest cooperation, particularly in the area of space and aviation technology and ground transport. A new page has been turned in the mutual relations of our countries.

13423

Study of Finnish Standard of Living Recommended

18120032 [Editorial Report] Moscow NEW TIMES in English No 45, November 1988 publishes on pages 23-25 an article by special correspondent Vladimir Zhitomirskiy entitled "An Unprejudiced View" reporting on his recent visit to Finland. The author summarizes his observations as follows: "The comparisons are in the main disturbing. One can't help seeing that there is a lot to learn." He says further: "The experience of others must be studied and analyzed; rejecting out of hand everything that has given a good account of itself outside our own territory will lead to the repetition of old mistakes."

The main part of the article discusses Helsinki city construction, traffic, housing, family budgeting, taxes, and consumer services.

UD/331/12913

Soviet-Bulgarian Computer Enterprise Opens 14 Oct
18250022 Tashkent *PRAVDA VOSTOKA* in Russian
16 Oct 88 p 2

[Report by UZTAG correspondent L. Levin: "The Soviet-Bulgarian 'Variant'"]

[Text] "Variant," the Soviet-Bulgarian joint enterprise which opened in Uzbekistan's capital on 14 October, will be able to turn out nearly 40,000 personal computers for schools annually.

It was developed very quickly—in just 9 months. The "Volna" and "Lider" engineering centers, which operate under the State Committee for Public Education and the USSR Academy of Sciences, as well as the Bulgarian microprocessor equipment combine in the city of Pravets, are among the shareholders.

"Restructuring of the economic mechanism and new thinking made it possible for us to develop the enterprise rapidly to meet the highest requirements," Ye. P. Velikhov, vice-president of the USSR Academy of Sciences, told an UZTAG correspondent. "It is not by chance that 'Variant' was located in Tashkent, either. Being the capital of the republic with the highest population growth, your city may and should become the base center for universal computerization of the schools. This has become a reality today. The schools should take the lead in our society and the computer should be the mighty engine for this!"

And here is what S. U. Sultanova, deputy chairman of the Uzbek Council of Ministers, said:

"Computer equipment with the 'Pravets' trademark is well-known in Uzbekistan. For this reason, we were pleased to establish the joint enterprise. The computers, which are dependable and simple to use, will help to bring our schools up to a new level of quality."

"Variant" has been given a fine building in the interscholastic production training combine in Sergeliyskiy Rayon. Assembly of the compact computers has already begun in the spacious quarters. At present, all the parts that make up the units are coming from Bulgaria. But it is planned to manufacture some of the assemblies locally later on. Incidentally, a significant part of the work will be done here by students in the Sergeliyskiy Rayon schools who are receiving production training.

It is no coincidence that we mentioned that the "Variant" was established in a record time. After all, the joint venture's board not only had to resolve the purely organizational problems, but train skilled specialists as well. All this was done at the same time in Tashkent and in Pravets. Experienced consultants came to the Uzbek capital from Bulgaria to train future employees for "Variant" locally. And eight engineers from Tashkent received on-the-job training in Bulgaria. How sound

their knowledge and professional training was may be judged from the first batch of computers. The Bulgarian specialists concluded that the required procedures were taken into account in all operations.

What does the "Pravets" computer consist of? (It bears a Bulgarian name for the present. "Variant" plans to have a contest for the new firm name for its products).

It consists of the customary monitor with a green screen and a keyboard for entering the commands. The computer class has 11 terminals which are connected with the teacher's computer. Practically all subjects, both in the humanities and natural sciences, may be taught with special programs. The teacher can control the course of the instructional process by simply pressing a button. Naturally, prompting has been ruled out here, and the unbiased machine provides an assessment of the quality of knowledge.

Speaking at the ceremonial opening for "Variant," Plamen Vachkov, the combine's general manager, noted that the sides had agreed to a low production cost for the units, the systematic development of new programs for them, and equipment servicing as an obligatory condition for the joint venture. It was decided to establish several departments of "Variant" in Uzbekistan. This will make it possible to provide each school in the republic with a computer class by 1991.

How will this look in practice?

"We have already accumulated a considerable amount of experience," said Ognyan Stanoyev, deputy general manager for technology policy of the Pravets combine. "The firm should not just turn out a product, but guarantee its continuous servicing as well. A special service will be established for 'Variant' to install and provide preventive maintenance for the equipment. Competitive selection of future employees is now under way."

G. T. Beregovoy, pilot-cosmonaut of the USSR and twice Hero of the Soviet Union, was among the most interested visitors to the new enterprise. He is well-known in the country as an active advocate of universal computerization.

"I am very familiar with the computer hardware from Pravets," Georgiy Timofeyevich said. "We used it to study the ecological condition of the world ocean, as an example. It works reliably and we will be continuing to use it. My opinion about 'Variant' is that such enterprises are vitally needed for Uzbekistan, and in the future for all Central Asia."

The general manager of "Variant" was asked where the name was taken from and how the sides will divide the profits.

"'Variant' means many different potentialities, a guarantee of successful development. As far as the profit is concerned, I am sorry, but this is a commercial secret."

In accordance with a joint decision by the Soviet and Bulgarian shareholders, the first computer class in Tashkent will be presented to the Soviet Children's Fund imeni V. I. Lenin and set up in the coming weeks in the children's house in the city of Margilan.

P. Khabibullayev, chairman of the Presidium of the UzSSR Supreme Soviet; V. V. Sudarenkov, deputy chairman of the UzSSR Council of Ministers; and Petro Petrov, secretary of the Pravets City Council, took part in the ceremonial opening of the Soviet-Bulgarian joint venture.

8936

IMEMO Round Table on Newly Industrialized Asian Countries
18070182 Moscow *IZVESTIYA* in Russian
19 Jul 88 p 5

[S. Mushkaterov interviews Doctor of Economics I.S. Korolev, Candidate of Economics V.I. Ivanov, and Candidate of Economics A.N. Fedorovskiy, all of the Institute of International Economics and International Relations: "The "Four Dragons" and Others"; first two paragraphs are introduction]

[Text] Until recently, only economists knew what the term "newly industrialized country" (NIC) meant, although now we are seeing it more and more often in the newspapers and magazines we read. The term refers to countries and regions of the world that have not only staked out their own territory in the international economy, but are having a major impact on international economic relations as well.

In this interview, the following members of the Institute of International Economics and International Relations will share their thoughts on the past, present, and future of the NIC's. Doctor of Economics I.S. Korolev, Candidate of Economics V.I. Ivanov, and Candidate of Economics A.N. Fedorovskiy.

[I. Korolev] Starting in the 60s and 70s, we saw the rise of several developing countries and regions that created considerable industrial potential in a relatively short period of time. These countries, which became major exporters of industrial goods to world markets, earned the name "newly industrialized country" in the west. Despite their impressive economic success, however, the NIC's still lag behind the rest of the industrialized world in the following areas: level of prosperity; success in resolving social problems; percentage of output that comes from advanced industries.

[V. Ivanov] The meaning of the term NIC varies depending on who is using it. Some of the countries that are considered NIC's—the Latin American ones, for example—have been politically independent for many years, while they can hardly be seen as "new" from the perspective of key industry growth either. The term "country" is also open to discussion. Taiwan, for example, is a part of China, and was stolen by the Kuomintang. And South Korea emerged in the wake of the partition of a single country, while Hong Kong is still a colonial possession.

There are no absolute guidelines that enable us to say a country definitely is or is not a NIC. Economists generally use a series of indicators for this purpose, so there is considerable disagreement among specialists about which countries to include in the NIC category. Even so, there are some countries whose inclusion is more or less

taken for granted: Argentina, Brazil, Mexico, Singapore, Hong Kong, South Korea, and Taiwan. Other countries that are catching them include the Philippines, Malaysia, and Thailand.

[S. Mushkaterov] It looks like most NIC's are in the Asia-Pacific region. In fact, South Korea, Singapore, Hong Kong, and Taiwan are often called "new Japans" or "the four dragons." How did they get these expressive epithets?

[A. Fedorovskiy] Several ways. First, because of their rapid economic growth, which was based on the explosive development of their export industries. The Asian NIC's are more or less imitating the Japanese economic model, adapting its economic techniques for their own purposes. This is the reason they are called "new Japans." And they got the nickname "dragons" because of their success at increasing finished goods exports, their competitiveness, and their singular aggressiveness in international markets. We can illustrate this by pointing out the US's 37 billion dollar trade deficit with the "dragons" last year.

[I. Korolev] It is important to realize how the "four dragons" made their economic breakthrough, since the conditions under which they started were far from identical. Before the 50s, Singapore and Hong Kong were primarily regional trade, financial, and transportation centers. This certainly represented the foundation on which they were able to build their industry. And both Taiwan and South Korea owe a tremendous amount of their success in reorganizing their economies in the 50s and 60s to direct US and Japanese support.

National policies aimed at stimulating industrial development and supporting industry's export-oriented direction were largely responsible for the development of the NIC's. Recently, scientific and technological development have been the focus of the economic policies of the east Asian NIC's, which are building ultra-sophisticated science and technology parks. They have already designed systems for financing the most promising projects and ensuring they become commercially viable without delay.

[V. Ivanov] Of course, this is not where we will find the key to the NIC's success at economic development. Rather, they have succeeded up to now by copying the best foreign goods and consumer items, including the most sophisticated ones (tape players, personal computers, etc.) Also, many companies now use these countries to assemble their products, utilizing their cheaper labor. Among the advantages international corporations find particularly attractive is the enthusiasm of local authorities for expanding local secondary and vocational education systems. The feeling is that these systems are the key to success for the very competitive export-oriented goods of local manufacturers as well.

[A. Fedorovskiy] The factors we have enumerated here are causing an influx of foreign capital. One tenth of all developed country direct investment in developing countries is concentrated in these four small countries. By mobilizing both local and foreign resources, the "four dragons" have been able to keep annual GNP growth rates at 8-12 percent. At the same time the share of world exports accounted for by NIC's rose from two percent in the early 70s to eight percent in 1987, although for some products this percentage is even higher.

It is interesting to look at how the "four dragons" have changed their manufacturing mix. During the 60s, they let foreign companies build enterprises solely for the purpose of using local labor to produce clothing, shoes, and unsophisticated consumer goods. But when the world depression of the 70s hit, forcing these countries to change their economic structures, they began developing their petrochemical, ship building, steel, and machine tool industries. And since the early 80s, technologically sophisticated production has come to play an increasingly important part in the industrial development of NIC's.

[S. Mushkaterov] Judging from the evidence, the eastern Asian NIC's are pretty well established in the world economic system. Does this mean the "four dragons" have a major impact, particularly on such powerful countries as the US and Japan?

[V. Ivanov] Certainly. These countries are aiming the bulk of their exports at US and Japanese markets. While the NIC's account for a total of seven percent of the imports to OECD countries, they account for 14 percent of US and 11 percent of Japanese imports. We can see how closely the NIC's focus on the US if we consider that they account for 46 percent of its textile and clothing imports and 37 percent of its electronics goods and appliance imports. Yet US and Japanese multi-nationals are themselves responsible for much of the flood of industrial goods into their countries. Japan, for example, has been actively using NIC's as a "springboard" for penetrating the markets of its competitors, primarily the US. But the "four dragons" are also competing successfully with the Japanese in many areas, largely because their currency is virtually tied to the dollar. Thus, the recent drop in the dollar exchange rate placed the "four dragons" on a more competitive footing with Japan, whose currency jumped sharply in value.

[S. Mushkaterov] There is an eastern proverb that says: "He who runs fast loses his sandals." Isn't it possible that something like this could happen to the NIC's? What are the prospects for their economies?

[I. Korolev] The "four little dragons" are not too likely to wind up barefoot. The only question is how steady and fast their growth will be. Both Korea and Singapore suffered in this decade's recession, while the economic

growth rates of both Taiwan and Hong Kong fell markedly during certain periods. Nonetheless, the "four dragons" are definitely on the rise again, even though the causes of economic instability have merely been dampened, not eliminated. The most important of these causes is the excessive dependence of the NIC's economies on the economic situation of the US. According to some estimates, a one percent slowdown in growth in the US results in a 1.4 percent cut in Singapore's GNP growth rate.

[V. Ivanov] A lot is also going to depend on the degree to which the "four dragons" can expand their international trade relations; that is, how well they can dodge import restrictions. Protectionism is one of the greatest threats to the economic development of the NIC's.

[A. Fedorovskiy] Another factor limiting the economic development of the "four dragons" is their technological dependence on the US and Japan. By expanding their trade ties in the area of technology importation (from western Europe, for example), they may be able to alleviate the problem to some degree.

[I. Korolev] There is something else that is important. The NIC's are experiencing a growing conflict between their political structure and their level of development. Until recently, these countries were controlled by dictatorial, authoritarian, or colonial regimes. To a great extent, the domestic political processes they have launched will determine whether or not they are able to continue riding the crest of the economic progress wave.

[S. Mushkaterov] If we look at the involvement of the Pacific Basin NIC's in the world arena, it is clear that we cannot ignore their relations with the socialist countries.

[A. Fedorovskiy] During the 80s it was decided to make changes in this area. For example, according to foreign experts, South Korea's trade with China is already two to three billion dollars. It is natural that the NIC's desire to expand their trade relations would prompt them to find new economic partners, including countries in the socialist community.

13189

Chinese Scientific and Technical Zones Assessed
18250023 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 43, Oct 88 p 23

[Article by V. Yezhkov, deputy chairman of the USSR GKNT (State Committee for Science and Technology), under the rubric "A Specialist on Assignment in the Socialist Countries": "Scientific and Technical Zones"; first paragraph is introductory]

[Text] Beijing-Moscow—The scientific and technical reform now under way in China is aimed at greatly accelerating the process of transferring scientific achievements to production. The formation in Beijing and a

number of other cities of the so-called "special scientific and technical zones, the decision on which was approved by PRC directive organs in April 1988, should be an important step in accomplishing this task. Companies and cooperatives which introduce the results of research on modern equipment and technology into production and are capable of rapidly and efficiently "turning them into commodities" will have the right to operate in such zones.

During a recent trip to China I had the occasion to become familiar with an unusual street—"electronic industry street," which was the prototype for the "special scientific and technical zones," my Chinese colleagues explained.

This street, in Beijing's Zhongguangchong district, was established as an experiment in 1984, when the first firms and cooperatives utilizing scientific and technical innovations in production were based here. They utilize the potential of the capital's academic and sectorial institutes, many of which are concentrated in this same district. The firms often conduct their own research and development.

Roughly 150 companies employing about 4,000 people are based here at present. About 70 percent of the firms are associated with work in the field of computer hardware and software.

The organizers and managers of these firms, as a rule, are former staff personnel of state scientific institutions who do not agree with "the slow pace of life in the sectorial and academic institutions" and believe that the new firms provide substantially greater opportunities to realize their creative potential.

Initially the research workers and specialists had doubts about leaving their work in the state institutions. However, after this start was given support by the state, including bank credit extended under the guarantee of the state's committee for science and technology, they became confident that they would be successful. Results of the work of most of the firms attest to the fact that the experiment has been quite effective. The specialists' efficiency has increased substantially and their earnings have risen accordingly. As a consequence, there are many who want to work in the firms on the "electronic street" in spite of the increased demands made upon the personnel.

The Chinese with whom I spoke noted that the new form of work organization also provides the opportunity to raise the intelligentsia's standard of living through more effective utilization of their own work. The principle of "to each according to his labor" is being realized here to a greater extent than in the state institutions, they stressed.

At present, a number of the firms are planning to start wage deductions for the pension fund, as well as to provide financial assistance in the event of sickness, with the employees' consent.

The Chinese comrades explained that the establishment of nonstate scientific-production firms is viewed in the PRC as one of the regulators of changes in the work force in the country's academic and sectorial institutions. But they are confident that this will not lead to a weakening of the state institutions' personnel potential, inasmuch as far from all scientists are interested in the innovative activity, even with the higher salaries.

The experiment's positive results led to the previously mentioned decision to establish the so-called "special scientific and technical zones" in Beijing and a number of other cities in the country.

It is assumed that companies which have acquired the right to "reside" in this zone will enjoy greater privileges than even the enterprises in China's free economic zones. For example, when their products are sold abroad, any firm in the scientific and technical zone will receive 100 percent of the foreign exchange earned for a period of 3 years, while in the free economic zone this right is granted only to joint ventures and for a period of only up to 2 years. Other privileges have been provided for as well.

The selection of applicants for "residence" in the zone is made by the PRC GKNT [State Committee for Science and Technology], which is now working out the appropriate criteria. This is a very important task: rigorous requirements will scare away applicants and weak ones will lead to the granting of economic privileges that are unsound.

It is expected that the first "residents" of the new zone will be named this year. Following this, the establishment of similar zones is also planned in six other scientific and industrial centers in China. It seems to us that the concentration of organizations with one specialization in a single zone will serve to eliminate monopolism in developing concepts, promote more effective competition and reduce the cost of scientific products.

The PRC's experience in managing scientific and technical progress and in introducing its achievements into the national economy is unquestionably of interest to us. This stems in particular from the common reasons which have led to economic reforms in our countries. The priorities for which scientific and technical progress is used are similar as well.

In examining the status of scientific and technical ties between the USSR and the PRC today, it is necessary to mention the fact that in spite of their progressive development, the potential for many more achievements in this area has not been realized. In a number of cases, the

partners are only carrying out or completing the familiarization stage in the search for mutually beneficial fields of interaction and are perfecting its mechanism.

The Permanent Subcommission for Scientific and Technical Collaboration of the Soviet-Chinese Commission on Economic, Trade, and Scientific and Technical Collaboration sees its objective as increasing the effectiveness of collaboration between Soviet and Chinese organizations and involving new partners in this process and it is carrying out work in this direction.

At the subcommission's third session, held in Moscow in July 1988, it was noted that plans have been coordinated among our countries' 11 ministries and departments and that cooperation is under way in the fields of nonferrous metallurgy, petrochemicals, fishing, hydrometeorology, machine tool manufacturing, and a number other areas.

Implementation of the plans and programs for collaboration, in our view, may become the basis for establishing long-term direct ties between corresponding sectors and will serve as the basis for economic and trade collaboration on a broad scale.

The sides' decision to draft and implement joint scientific and technical projects aimed at resolving the central questions of science and technology throughout the cycle—from scientific research to industrial production—seems interesting.

Conclusion of the agreement on collaboration between the All-Union Association "Vneshtekhnika" of the USSR GKNT and the "Kehua" company of the PRC GKNT was an important feature which makes it possible to realize the entire spectrum of scientific and technical ties on a commercial basis. In particular, it provides for joint scientific and technical studies, scientific and technical cooperative activity, the establishment of joint ventures, the provision of consultation services, and the exchange of technical specifications.

Thus a mechanism for scientific and technical interaction with the PRC has been created and is functioning. "Soviet Science and Technology Days in the PRC," to be held in November this year, will become an important step on the path toward reinforcement of contacts in this field, in our opinion.

8936

Broadcast to China on Economic Reform, Joint Ventures

OW2711175088 Moscow International Service
in Mandarin 1400 GMT 23 Nov 88

[Unattributed commentary]

[Text] Listners, a Soviet economic and trade delegation head by Malkevich, chairman of the USSR Chamber of Commerce and Industry, is continuing a visit to China.

The main purpose of this visit is to study the PRC's experiences in economic reform, including the its experience in establishing special economic zones. According to a XINHUA report, the delegation will visit Shenzhen and Zhuhai in the near future.

It is quite easy to see why the Soviet experts are interested in learning how China is conducting its reform. Since a large-scale economic reform has also begun in our country, of course we hope to learn anything that might be useful to us from China's experience. Take the cooperative enterprise, for example. As is known to all, this form of international economic cooperation has achieved great development in China. Now, cooperative enterprises have also been established in the Soviet Union, but we still have insufficient experience in this regard. Therefore, it is natural that we are eager to learn of this kind of enterprise's legal basis in China and study questions related to its practical work.

I would like to mention here that efforts are being made to lay the groundwork for developing Soviet-Chinese joint enterprises. Work is under way to build Soviet-Chinese joint enterprises in Soviet coastal areas—the border region of Khabarovsk and Chita and Amur Oblasts. A joint enterprise has now become operational in the border region of Khabarovsk. It is a ginseng farm. A large vegetable farm will also go into operation in a coastal area this coming spring. Some [words indistinct] cooperative construction units have begun work. Both the Soviets and the Chinese believe that such mutually beneficial cooperation has a bright future.

The Soviet Union is interested in China's special economic zones. Our country is prepared to establish similar special zones in some areas—say, the Far Eastern part of the USSR. We may find some valuable experience in building special economic zones by visiting China.

Just as the Chinese press has repeatedly stressed, the Soviet reform program contains many things that may be useful to China. RENMIN RIBAO recently pointed out that our two countries share the same economic characteristics. It is especially essential for us to exchange experience from time to time for this reason. This exchange will enable both China and the Soviet Union to make rapid progress in solving their economic problems.

Uzbek, Xinjiang Science Academies Sign Agreement

OW0412081288 Moscow International Service
in Mandarin 0300 GMT 30 Nov 88

[Text] Salakhiddinov, President of the Academy of Sciences of the Uzbek SSR, and (Qian Zhongkang), representative of the Xinjian Branch of the Academy of Sciences of China, signed an agreement in Tashkent on joint research on radio physics, electronics, microorganisms, ecology, soil, astronomy, and many other fields. Next year the two sides will sign an agreement in Urumqi on a direct cooperation program.

The agreement between the Academy of Sciences of the Uzbek SSR and the Chinese Xinjiang Academy of Sciences also requires the two sides to exchange scientific information, equipment, and facilities.

Harbin School Delegation Visits USSR
*OW0712131488 Moscow International Service
in Mandarin 0100 GMT 7 Dec 88*

[Text] Soviet and Chinese ordinary schools [PU TONG XUE XIAO] have begun making direct contacts. At present a delegation from an ordinary school in Harbin City is visiting our country. It will discuss matters of cooperation with a Chinese-language school in Kiev. Thus, Soviet-Chinese education cooperation has entered a new stage, gradually expanding beyond the scope of higher education.

**ASEAN Representative Discusses Obstacles To
Soviet Economic Cooperation**
18070019 Moscow IZVESTIYA in Russian 1 Sep 88 p 5

[Article by I. Kovalev, IZVESTIYA staff correspondent: "Just The Beginning For Now"; first paragraph is introduction; last two paragraphs are background on ASEAN]

[Text] **Aurelio Periquet, the president of ASEAN's Association of Chambers of Commerce, met me in "Vermida-4," one of the most unique buildings in the capital of the Philippines. From outside, the covering on the facade gives the twelve story building the appearance of five huge gold windows. From outside, you cannot see into the building, but inside the glass looks normal.**

Periquet did not say anything exciting about trade and economic ties between the ASEAN nations and the socialist countries (the USSR in particular), and rightly so. So far, any such ties are still in the incipient stage.

Of course Periquet did offer that trade between individual ASEAN members and the USSR had grown over the last ten years, in some cases significantly, even though the overall trade figures looked pale. And that despite this, ASEAN nations have been showing a greater interest in trade ties with the USSR. According to Periquet: "In order to eliminate the one-sided nature of our trade, our countries are trying to go outside the limited circle of traditional partners with whom they have trade relations. At the ASEAN level, this trend is being manifested in joint opposition to the protectionist policies of its traditional partners, the US and Japan. The rest is seen in bilateral activity."

Periquet continued: "As far as I know, trade ties between the USSR and Thailand, Malaysia, and Singapore are moving ahead smoothly, while a plan for developing Soviet-Philippine ties is being worked on. The chambers of commerce in the ASEAN countries are open for talks, while their contacts are predicated on the principle of economic independence from any other country."

As Periquet said, the ASEAN countries desire greater access to the world economic scene because: "Sad though it may be, the ASEAN countries have not yet managed to set up extensive trade ties among themselves. Trade between ASEAN members in the 20 years since the association was created has accounted for less than 20 percent of their total foreign trade. One reason for this is that the economic structures of most of the countries are similar: they produce the same products for export, and have only just begun to sell to industrialized countries. At the same time, an agreement on trade preferences and another one on joint industrial projects within ASEAN are very promising."

I asked Periquet to tell me what he saw as the main obstacles to expanding trade and economic ties between the ASEAN countries and the USSR.

He answered: "The first obstacle is our tradition of contact with our old partners: the US, Japan, and western Europe. We do not know much about the USSR, and what we do know we learn from the western press.

The second obstacle is the differences between our economic systems and our approach to business. The ASEAN countries badly need dollars and prefer to sell their goods for hard currency. The barter system you are offering is attractive in principle, but needs further study. So trade based on hard currency remains of paramount importance to us.

The third obstacle is that we ASEAN countries mainly use western and Japanese equipment, for which spare parts are no problem. But as far as I know, there are difficulties in this area with Soviet equipment. Of course we know the USSR has certain technologies that we need. But for us—since we are businessmen—profits are our number one concern. We have to be certain of them."

Periquet continued: "Among ASEAN business circles, people are becoming more aware that the Soviet Union can no longer be ignored as an economic power. Cooperation, though still at a low level, has already started. We need to learn more about each other and eliminate the element of mistrust. A major step forward in this area is Gorbachev's policy of glasnost, or openness. To us businessmen, the USSR does not seem so isolated and closed when we read about what is going on there, particularly the democratization currently underway. We will study each other, even though we should not expect immediate results."

I then asked Periquet what he felt might stimulate business relations between ASEAN and the USSR.

He answered: "More contacts, and further study of our mutual prospects. And one other thing. You do not advertise very well. You have few exhibitions, and your participation in international trade expositions is not very convincing. So you need to show more initiative."

At the end of the interview, Periquet looked at his scheduling calendar and told me that he would be flying to Moscow on September 13. **From IZVESTIYA's Files**

The Association of South-East Asian Countries was created in 1967 at a conference of five countries: Indonesia, Malaysia, Thailand, Singapore, and the Philippines. In 1984, Brunei joined the Association. ASEAN's expressed goal was to "speed economic growth, social progress, and cultural development" in the member countries. The countries that were members had tremendous human resources, and the current population of the ASEAN nations taken together is over 300 million. They also have great economic potential. The six countries lead the world in deliveries of rubber, tin, and tropical wood.

Over 20 specialized committees and organizations work within the ASEAN framework. Of them, the Association of Chambers of Commerce is one of the most influential.

13189

Malaysian-Uzbekistan Agreement on Trade, Economic Ties
LD0512160788 Moscow TASS International Service in Russian 0635 Gmt 5 Dec 88

[Text] Kuala Lumpur, 5 Dec (TASS)—A memorandum of mutual understanding between the Uzbek SSR and Malaysia has been signed here today. The document was signed by Gayrat Kadyrev, chairman of the Uzbek Council of Ministers in Kuala Lumpur on an official visit, and Abu Hassan Omar, Malaysia's minister of foreign affairs.

The memorandum will serve as the basis for establishing direct trade and economic ties between the Uzbek SSR and Malaysia, a representative of Malaysia's Ministry of Foreign Affairs told journalists. The document has been signed as the result of talks also held today between Mahathir Mohammad, prime minister of Malaysia, and Gayrat Kadyrev. During the talks, said the representative, the head of Malaysia's government welcomed the political and economic changes taking place in the Soviet Union as creating new opportunities for further developing Soviet-Malaysian relations in various areas and instituting mutually beneficial cooperation between Uzbekistan and Malaysia.

Broadcast to Cambodia on Khmer Rouge Participation in Settlement
BK3011071388 Moscow in Cambodian to Cambodia 1230 GMT 29 November 88

[Station observer Yevgeniy Belov commentary]

[Text] The Cambodian people should be provided with a sufficient guarantee preventing the return to power of the Pol Pot group. This idea was outlined once again in a nationwide speech by Comrade Chairman of the PRK Council of Ministers Hun Sen. In the address, the

comrade analyzed the outcome of the recent talks with the leaders of the opposing Cambodian parties in France. He said: They required from us the dissolution of the PRK government without any proposal of specific measures to disband the Pol Pot clique's armed forces. In connection with this, our observer Comrade Yevgeniy Belov has the following comments:

The Khmer Rouge's role in the settlement of the Cambodian problem is a question, among others on Cambodia, which must be considered first and foremost. Just last year, questions were raised in a completely different way. For instance, the question of how to organize political discussions among the contending Cambodian parties or the question of clarifying the prospect of the Vietnamese troop withdrawal from Cambodia. Now, they know how to conduct clear discussions on a number of basic problems.

The talks started last year. Comrade Hun Sen met with Samdech Sihanouk twice in France. And in July this year, a quadripartite Cambodian meeting was held in Jakarta, establishing the foundation for further, frequent talks. Until the meeting in Jakarta, they knew how to fruitfully and thoroughly discuss the question of the Vietnamese troop withdrawal: by 31 December this year, a total of 50,000 Vietnamese combatants will be pulled out of Cambodia, meaning that half of the Vietnamese troop contingent present in the country will be withdrawn, and the remaining of 50,000 troops will return to their motherland by the beginning of 1990 at the latest. On the other existing problems, the agenda of their discussions has been moving toward refining implementation of a future settlement of the Cambodian problem, such as the formation of a coalition government, approaches to restore and maintain peace, and so on.

It is conspicuous that, at this stage, among the four Cambodian parties, only the Khmer Rouge have not expressed any intention of carrying out talks. It is also very flagrant that the Pol Pot group, taking advantage of the relatively calm situation on the Cambodian-Thai border battlefields, mustered and built up their manpower strength by commandeering and arming, with modern armaments, Cambodian refugees living in refugee camps on Thai soil. In particular, recently, there was a significant increase in the arms supply from outside to the Khmer Rouge. At the very point where a new development was apparent with the three political forces coherently conducting their discussions, the Pol Pot group made an all-out effort to amass their troops in an obvious attempt to achieve their ultimate goal in the wake of the complete Vietnamese troop withdrawal from Cambodia. As commentator Jacques Bekaert wrote in an article published a few days ago in the Thai newspaper The Bangkok Post, the Pol Pot group now has access to more weapons than ever before. And the forced conscription of refugees presently mounted by the Khmer Rouge has drawn the attention of U.S. State Department's Spokesman Charles Redman. According to his statement, the Pol Pot group moved Cambodian refugees out of UN-controlled camps to

Khmer Rouge military detachments stationed along the Thai-Cambodian border. It is not hard to see through the Khmer Rouge plan and understand the concern of the PRK and the two other moderate opposing Cambodian factions.

The opposing parties should once and for all realize the danger to the security of the Cambodian people with the

gambit of the Khmer Rouge, who are poised to seize by force the country's power. This is why the PRK government put forth the proposal that only allows the Khmer Rouge to join in the process of a settlement as a political force but not as a military party, otherwise, the national reconciliation in Cambodia could certainly turn out to be an eventual war. This danger was pointed out by Comrade Hun Sen in a speech recently made to the nation.

Broadcast to Pakistan on Prospects Under Bhutto Government
*BK0412135088 Moscow in Urdu to Pakistan 1100 GMT
3 Dec 88*

[Vladimir Alekseyev commentary]

[Text] For the time being, Pakistan's Acting President Ghulam Ishaq Khan has asked Benazir Bhutto, the leader of Pakistan People's Party, to form the new government in the country. In the recent elections, her party has won more seats than any other party in the 237-seat National Assembly. The new government will actually be a coalition and will depend on the support of other parties and independent members of the parliament, because the ruling party has failed to secure a majority in the high legislative body by winning only 93 seats.

The new Pakistani Government is assuming its responsibilities at a very complicated time for Pakistan. The country is facing serious economic difficulties due to the repayment and servicing of foreign debt, which has increased over the years, and the decline in the remittances by Pakistanis working abroad. Prices [of commodities—FBIS] and the rate of unemployment are rising; the people in the provinces are annoyed with the domination of the military over the government employees and the entire political life; the trend of isolation at the center is becoming more and more serious; the ethnic riots between the Muhajirs and the Pathans and the religious conflicts between the Sunni and the Shi'ite Muslims are taking place more frequently than before.

The pro-West foreign policy of the previous dictatorial government has been further worsening the problems of Pakistan's political and socioeconomic development. The foremost reason for the emergence of this trend in Pakistan's foreign policy was that the unpopular Ziaul Haq regime was decisively dependent on the economic and military assistance from the United States, which had made that government a tool for the implementation of its [word indistinct] policies in South and Southeast Asia. It would not be unjustified to add here that the previous Pakistani dictator had tried to take advantage of the presence of the limited Soviet military contingent in Afghanistan, and he was not unsuccessful in his efforts. He remained steadfast in his attempt to prove as correct his policy of taking the economy on the path of militarization and depriving the people of fundamental democratic rights and freedom with the help of fabricated stories about the Soviet expansionism and the dangers to Islam from communism.

The Geneva accords on Afghanistan brought about a definite change in the situation of this region. The withdrawal of Soviet troops from Afghanistan deprived Ziaul Haq of his most important tool, which he had been using to justify his interference in internal affairs of a neighboring Islamic country. The day was nearing to

repay the debt and account for the serious consequences of the irresponsible policy of supporting the undeclared U.S. war against the Republic of Afghanistan.

The defeat of the forces desiring to maintain the foreign and domestic policies of the previous dictator proves that the new leadership of the country will have to bring about serious changes in those policies. While solving complicated domestic problems, every government tries to make the international situation more and more congenial. To be a nonaligned country—as Pakistan claims to be—it is essential to develop friendly and cooperative relations with all countries, especially neighboring ones. (Obviously), it is not an easy task for the new Pakistani leadership to resolutely follow this policy, because, above all, Pakistan is economically dependent on the United States and other Western countries. In our opinion, it was in view of this economic dependence on the United States that in an interview to the U.S. magazine NEWSWEEK, Benazir Bhutto expressed her desire to maintain Pakistan's current excellent relations with the United States and declared that she would fulfill the commitments President Ziaul Haq had made to Afghan rebels. At the same time, Benazir Bhutto categorically stated that Pakistan would comply with the Geneva accords.

Political observers also paid due attention to the view of the Pakistan People's Party leader that good relations with the United States would not stand in the way of development of Pakistan's relations with the Soviet Union. Here, it would not be out of place to recall the statements that Zulfiqar Ali Bhutto, Benazir Bhutto's father, had given soon after becoming Pakistan's president and again at a news conference in Larkana in January 1972. He had stated: The Soviet Union is a friend of Pakistan, and it has done a lot for the development of the Pakistani economy. I am proud of the fact that in the capacity of finance minister, I had the honor to sign the first Pakistan-Soviet agreement for the development of oil and gas industries over 10 years ago. I want to underscore this fact that we are in favor of friendship and durable trade ties with this great socialist country. These were the words of Zulfiqar Ali Bhutto.

During the 1970's, Pakistan and the Soviet Union shared identical views and common stands on many major international issues. For example, both the countries were in favor of easing of global tension, normalizing the South Asian situation, establishing just and durable peace in the Middle East, and totally eliminating neocolonialism. All these things were emphasized in the joint Pakistan-Soviet communique issued at the end of then Pakistani Prime Minister Zulfiqar Ali Bhutto's visit to the Soviet Union in 1974. The communique also stated that the two sides were confident that the development of friendly and good-neighboring relations between Pakistan and the Soviet Union was in the interest of the two peoples. History is a good teacher, provided it is studied mindfully and appropriate results are derived from it.

Even today, the Soviet leaders raise their voices in favor of a normal and good-neighborly relationship between Pakistan and the Soviet Union. As the Soviet Foreign Ministry spokesman recently said: The Soviet Union desires to develop relations with Pakistan and wants Pakistan's (?basic) policy to be in keeping with the spirit of regional cooperation and good-neighborly relations, which will prove very significant for the cause of peace and stability in this region and the world as a whole.

USSR-YAR: Relations Reviewed on Treaty Anniversary

18070068 Moscow *IZVESTIYA* in Russian
1 Nov 88 p 5

[Article by V. Lysechko: "The Road 60 Years Long: The USSR and YAR Mark an Important Date in the History of Their Relations"]

[Text] On 1 November 1928, the Treaty of Friendship and Trade was signed between the Soviet Union and the Yemen Mutawakkil Kingdom (as North Yemen was called at that time), which became the first such document in the history not only of Soviet-North Yemen but also Soviet-Arab relations. This took place at a critical moment for North Yemen, when its independence was being threatened by the British colonialists, who had already seized South Yemen. In this situation, conclusion of a treaty with the USSR undoubtedly played a considerable role in strengthening the country's sovereignty. The article published below is dedicated to the 60th anniversary of this event.

The brutal Arab sun, which an hour ago was scorching the scant vegetation on the local salt-marshes, now was fading away literally before our eyes, painting the horizon in dazzling rose-colored tones. The Soviet dry-cargo ship *Komsomolets Moldavii* was slowly moving along the channel leading to the North Yemen port of Hodeida.

On the shore, people were busily scurrying about along the moorage—a hard night of work was ahead. The curt Arabic speech could be heard, which was interspersed with a Russian accent, customary for these parts. The Yemeni workers and the Soviet port engineers, who have been here since construction of the deep-water port in 1961 with assistance of the USSR, were preparing to unload the ship. The general director of the YAR National Textile Company, S. as-Sanabani, was waiting especially impatiently for the vessel to moor. The Soviet looms held a special place in the young director's plans, who incidentally is a graduate of the Leningrad Textile and Light Industry Institute. For Yemen, 3.5 million meters of fabric per year is a sizable increase. According to plan, it should somewhat lessen the country's dependence on imports in this sector and save on scarce currency.

"We had the opportunity to choose an exporter," the director explains. "We decided on the Soviet partners because the terms they offered turned out to be the most acceptable for us, both from the technical standpoint and the price standpoint. In addition, our choice is a tribute to the good tradition which has become firmly established in our relations for the past 60 years."

Unlike as-Sanabani, there was nothing unusual about the arrival of another Soviet commercial ship for the vast majority of the local residents. You cannot count how many there have been during the many decades.

But if you recall: In 1928, huge crowds gathered to welcome the *Tobolski*, the first Soviet steamship entering the North Yemen port. Kerosene, matches, sugar, cement—such simple cargo it was carrying, but for those times this cargo also caused a sensation.

What was Yemen during those years? In order to try to imagine this, enter the old part of the capital, Sana, through the famous "Gates of Yemen." Without the aid of a time machine, you will feel you are in a different era. Wattle and daub structures, narrow, dark, unpaved side-streets, ancient mosques, the tart aroma of eastern spices, and even the people themselves in their traditional skirts and with curved daggers in their embroidered waistbands—all this now looks almost the same as it did at the beginning of the century. Only now there are Japanese VCRs in the windows of the homely shops, and the Toyotas and even Mercedes, struggling through the dusty back streets, make it difficult to disengage oneself completely from present-day actuality and mentally fill these streets with pictures of those years: public beheadings; crowds of beggars and lepers sitting in the roadside dust; only two schools and one hospital for the entire country; slavery, abolished only in 1962 after the anti-monarchical revolution; and almost complete isolation from the outside world. Even their Arab brothers in other countries had quite a dim idea of this corner of the "Arab homeland." Only in 1926 did the supreme ruler of Yemen—the Imam Yahya—first decide to send a small group of his subjects to study abroad.

This is the kind of country in which the representatives of the young Soviet country found themselves. Nevertheless, they managed to adapt fairly quickly. The "sadyk Rusiy," which means "Russian friend" in Arabic, quickly curried the favor of the Yemenis. He proved to be modest in his way of life, ready to come to their assistance day and night, and to start on an unsafe journey to a distant mountain hamlet to rescue someone sick. It is not without reason during those days that indulgences were made exclusively for the "Russian brothers" in the strict residency rules for foreigners.

The Taizz-Hodeida road, a cement plant in Bajil, the Hodeida port, and the Wadi-Surdud agricultural project, built with technical assistance from the USSR, to this day carry considerable weight in the local economy. But life does not stand still. The schools, hospitals, roads,

artesian wells built in remote areas and other achievements of the 26 September 1962 revolution no longer satisfy today's North Yemen leadership, led by President A. Salih, which has advanced a bold program of all-round modernization of the country.

In December 1986, in the country's east a new dam was erected about 3 km from the ruins of the ancient Marib Dam. Already in the next few years it should turn the vast desert areas into thousands of hectares of fertile land and thereby bring the republic closer to its cherished goal—becoming self-sufficient in food. Without exaggeration, the discovery in 1984 of its own high-grade oil in the Marib-al-Jawf can be called an historical event for the YAR. In December of last year, oil began flowing via a 430-km pipeline to the export terminal at Raas Al-Iss near Hodeida.

However, even joining the prestigious club of petroleum-exporting countries has not yet enabled North Yemen to resolve its basic problems. The thin stream of petroleum dollars, having barely emerged, is rapidly evaporating under the hot pressure of a currency shortage. The country is in critical need of modern technology and development of its infrastructure and highly productive

agriculture. Under these conditions, despite the people's deep-rooted towards us, the need and a real economic interest force the Yemenis more and more often to search for business partners in the West. Americans and West Europeans can be seen in various corners of the country. They include not only tourists, but also representatives of the business world, who are attracted to Yemen not so much by its exotic nature as by the possibility of finding a profitable sales market here. The free aid from certain countries of Europe, the FRG and the Netherlands in particular, plays no small part in strengthening the West's positions.

Nevertheless, representatives of business, political, and public circles of the YAR are optimistic in assessing the prospects of Soviet-North Yemen cooperation. This is because, as Deputy A.H. al-Marwani, elder of the People's Constituent Assembly who visited the Soviet Union as head of a parliamentary delegation, believes, we have the most important thing for successful progress—time-tested trust and mutual respect.

Hodeida—Sana—Moscow

12567

**END OF
FICHE**

DATE FILMED

10 JAN 89

